The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Did Roosevelt's Move Head Off a Russo-Japanese War?

A discussion of the initial reactions in Far Eastern politics resulting from President Roosevelt's invitation to the Soviets to send a representative to America to consider questions outstanding between the two countries.

OTHER ARTICLES IN THIS ISSUE

Transparency of Puppet State Revealed by Rea and Edwardes

Manchuria Continues to Deteriorate as Japan Feverishly Prepares for War With the Soviets

War and Navy Heads Further Consolidate Control Over the Japanese Government

The Mongolian Autonomous Movement *(By the Review's Correspondent at Nanking)*

Soviet-Japanese Relations Grow Threatening Upon Disclosure of Alleged Official Notes *(By the Review's Tokyo Correspondent)*

Japanese Consular Kidnapping of Chinese-Naturalized Korean Causes Crisis at Canton *(By the Review's Correspondent at Canton)*

Ominous Maneuvers in Southwestern China By Wilbur Burton

The Japanese Economic Invasion of Manchuria . . . . . By C. Y. W. Meng

Origins and Organization of the N. E. C. . By S. K. U. Chu

Need of Introducing Trust System into Silk Industry . . . . . By Paul K. Whang

SATURDAY, OCTOBER 28, 1933 VOLUME 66, NUMBER 9

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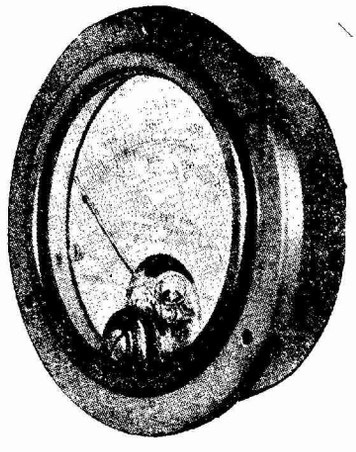

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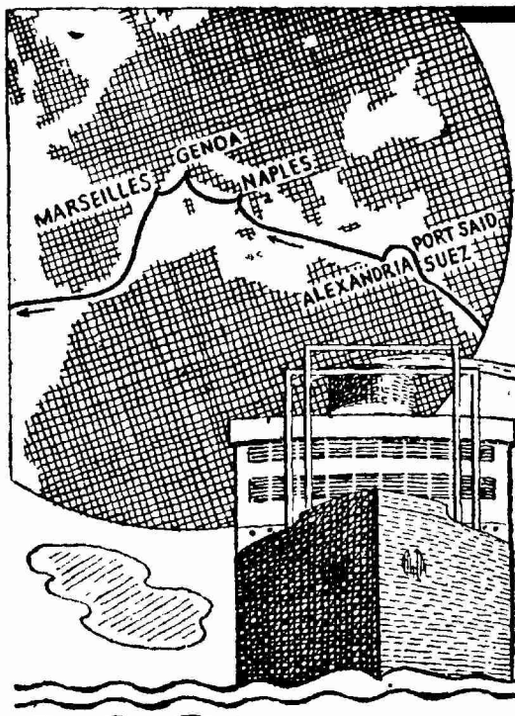

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WASHINGTON OFFICE
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Colorado Building, Washington, D. C.

TRANSPARENCY OF PUPPET STATE REVEALED BY REA AND EDWARDES

SOMETIME ago the Japanese puppet state in Manchuria dispatched to the United States and Great Britain two unofficial agents in the persons of George Bronson Rea, an American, and A. H. F. Edwardes, a Briton. Rea is the publisher of a monthly engineering journal in Shanghai, while Edwardes formerly was connected with the Chinese Maritime Customs in Peiping. The San Francisco *Chronicle* on September 11 published the following editorial about Rea and his activities,

> The arrival in this country of George Bronson Rea as unofficial ambassador of the mythical State of Manchukuo is further evidence of the real control of that country. Rea is a very able American newspaper man, of long experience in the Far East, first in the Philippines and then in Japan and China. Of his qualifications, in knowledge and competence, there is no question.
>
> But there is also no question whom he represents. He has for some time been the Chief propagandist of Japan in China. His publication, the *Far Eastern Review*, generously supported by Japanese advertisers, has outdone even the Japanese—"Cipangior ipsis Cipangibus"—in maintaining the right of conquest of a strong nation over a weak one. He has scorned to resort to the subterfuges by which the Japanese spokesmen sought to make out a legalistically correct case. His thesis was simply the right of the competent to rule the incompetent, and to use force to do it. By his definition, the Chinese, being politically disorganized, were the incompetent, while the Japanese were the competent.
>
> More recently, Rea has represented Japanese interests in Manchuria and represented ostensibly Manchukuo and actually Japan at Geneva and London. He will be a competent spokesman in the United States—of Japan. Manchukuo becomes even more transparently fictitious with Rea as the medium.

As for Edwardes, his reception in Great Britain apparently has been no more friendly than that of Rea in the United States. The *Manchester Guardian* repudiated the suggestion that Edwardes had any connection with the British cotton-goods industry, a suggestion which apparently had originated with Edwardes when he was in Japan at the time of the announcement of the Indian tariff embargo against Japanese goods. According to a recent report in the *Japan Chronicle*, Edwardes has now set up an office in London, located at No. 11 Duke street, near the official residence of the Japanese Ambassador. The Japanese diplomatic authorities in London are using Edwardes' office for the purpose of issuing information on Manchukuo pertaining to trade, industrial and other matters.

Manchuria Continues to Deteriorate as Japan Feverishly Prepares for War With the Soviets

THAT Japan's so-called "new deal" in Manchuria designed for the announced purpose of "delivering 30,000,000 people from the oppression of their native Chinese rulers" has turned sour is the consensus of opinion of a large number of authorities on the Manchurian issue, including several highly-placed Japanese. While there is no disputing the fact that the Japanese military authorities are now in complete control of China's four northeastern provinces, there is also equally indisputable evidence that Japan has completely failed in the all important matter of pacifying or gaining the good-will of the local people. Japan's failure to gain the good-will of the masses of the Manchurian population, the reasons for which will be discussed further on in this article, has produced a critical political situation in Manchuria which is leading in the direction of two eventualities, one being the creation of a Manchu-Mongolian monarchy with Henry Pu-Yi at the head, and the other, the outright annexation of Manchuria by Japan.

There have been several recent developments in the Manchurian situation which have given the Japanese military authorities cause for serious thought regarding their future status on the Asiatic continent. Of initial importance is the matter of Japanese trade with the northeastern provinces, all of which theoretically at least, is now in the hands of the Japanese. But in spite of this monopoly, Japanese exports to Manchuria have not increased sufficiently to justify Japan's vast military expenditures in consolidating her military control over the area. It is difficult to get at the exact status of the trade between Japan and the Manchurian provinces due to the discrepancy between the figures published by the Japanese finance ministry and the figures issued through the Manchukuo office at Changchun. According to the Manchukuo report the Manchurian provinces exported to Japan goods valued at 121,000,000 taels, while Japanese goods exported to Manchukuo amounted to only 104,000,000 taels. The Japanese finance ministry's report bearing on the same subject, but apparently covering a shorter period, said that while Japan had purchased 25,000,000 yen worth of Manchurian goods, Japan's sales of merchandise in Manchukuo had only amounted to 14,000,000. The *Japan Chronicle* in commenting on these figures said that while Japan's purchases of Manchurian raw products indicates that her "life-line" is fairly well established. the Japanese have not as yet been able to create a market in Manchuria to pay for the life-line. Japan's failure to develop a thriving market for her merchandise in the conquered provinces is partially explainable on the basis of the prevailing depression, but more largely it is due to the unsettled political situation resulting from the mass-opposition of the people of the territory to Japanese rule, plus the cutting-off of the territory from direct contact with China. Since Manchuria is a producer of raw materials, chiefly grains such as kaoliang and wheat and soya beans, the area always has enjoyed a favorable balance of trade in that Manchuria sold more than it bought. But prior to 1931 when China controlled the territory, the discrepancy in trade was made up by the Chinese in China proper who were constantly investing money in Manchurian agricultural and manufacturing industries. The sale of Chinese manufactured merchandise such as cotton-goods and food products in Manchuria also was an important item in the country's economy. But now that Japan has created an "independent" state in Manchuria and divorced it from direct trade contact with China, the disastrous results are now very much in evidence. In the first place the Japanese cannot absorb all of Manchuria's output of raw products and owing to the world depression cannot find markets for them in Europe as formerly was the case. As for the Chinese they naturally have no present desire to absorb Manchuria's surplus produces handled through Japanese agencies. The result is a disruption of normal trade channels and the creation of a trade crisis which recently has become acute due to the accumulation in Manchuria of large stocks for which there is no market in the Far East. The outcome is a most serious trade slump, particularly in the soya-bean market, which is aggravating the so-called "banditry" situation, through causing thousands of Chinese farmers to drift into this enterprise as the only means of livelihood.

As to the general political situation in Changchun, capital of the puppet state, recent visitors to that city report that the drift is more and more toward an outright Japanese administration. In many respects the Chinese officials or "puppets" have actually become the advisers to the real Japanese administrators who heretofore have remained in the background and called themselves "advisers." The only native elements which still profess loyalty to the Japanese are the handfull of Manchus, including the "boy emperor," Pu-Yi and a considerable number of Mongolians through whom the Japanese military authorities are plotting for the creation of an independent Mongolian state. This has led to the belief that the Imperial Kwantung Army, which is the real ruler of Manchuria, may shortly abolish the puppet administration in Changchun and create in its place a Manchu-Mongolian "kingdom" as a preliminary step to outright annexation. It is argued that the Japanese military authorities have no other alternative because the failure of the so-called Manchukuo administration is altogether too apparent in the widespread disorder and almost complete breakdown of administration except in the areas where Japanese troops are garrisoned. Though large-scale military opposition to the Japanese has been broken down due to the incessant Japanese "anti-bandit" raids throughout the territory, there is a profound undercurrent of resentment and animosity toward the Japanese which is gradually being crystalized into open hostility. In numerous instances these revolts are assuming a communistic character somewhat similar to what has been going on in the central Chinese provinces. In order to prevent the situation

JAPANESE PAPERS RECORD MANCHURIAN BANDITRY DEVELOPMENTS

1,000 Bandits Surround And Storm Tungning, But Driven Out By Bayonets

SIXTEEN ARE KILLED IN RAID BY BANDITS

— Japan Advertiser, Tokyo

Anxiety Felt in Mukden as Railway Passengers Are Still Held by Outlaws

600 BANDITS KILLED IN TERRIFIC BATTLE

30 Reports Say Japanese Opponents in Attack of 3,000 Outlaws Suffer No Losses

EIGHTEEN ARE DEAD IN BANDIT FIGHTING

Fifteen Attackers and Three Japanese Slain in Stiff Battle in Pakuoshu Area

ANTUNG IS ATTACKED FIVE CARRIED AWAY

Armed Bandits Escape After Raiding Town in Dark and Injuring Police Chief

1st Japanese Woman Taken by Bandits Writes For Help to Harbin Hotel Owne

The Osaka Mainichi

Kidnappers Cut Off Ear Of Simon Kaspe, Demand £25,000

37 Russians Are Held Prisoners, Is Report

Harbin Consul-General Files Protest With Hsinking, Asking Release

NEW DEAL SOURS IN MANCHURIA: UNREST GROWS

— Japan Times, Tokyo

Japanese Are Accused of Arrogant Attitude.

Fierce Japanese Tilt With Northern Bandits Almost Ruins Village

Train Wrecked, 80 Grabbed By Bandits

Kidnapped Passengers Said To Include 9 Japanese

Bandits in Taonan

23 Students To Die For Kirin Revolt

Frequent Wrecks On C.E.R. Are Reported

Due To Malicious Damage To Tracks, Says Moscow

MANCHUKUO BANDITS RAID TRAIN AND KIDNAP SIXTY

Armored Car Arrives at Scene of Attack But Finds Outlaws Have Fled

Manchu Bus Is Attacked And Ten Are Kidnapped

Bandits Kidnap 113 From Train

Arsenal Of U.S. Consul At Harbin Amazes Tinkham

EIGHT COMMUNISTS KILLED

They Resist Japanese Police in Raid on Quarters Near Chichao

JAPANESE SOLDIERS MASSACKED

Japanese Shot Dead By Bandits Near Korea

Bandits Near Muling Swap Four Russian Captives For Rifles

23 DIE IN BANDIT BATTLE

Sub-Lieutenant Among Japanese Killed in Engagement

"Murder" Groups Plan To Enter Manchukuo

¥120,000 IS STOLEN IN ATTACK ON TRAIN

Bandits Kill Two Soldiers, Kidnap Five Guards, and Wound Several Persons

Three Captured Officers Released By Bandits On Payment Of Small Sum

The Shanghai Times

Messrs. Blue, Hargrave And Johnson Return Safely To Newchwang After Being In Hands Of Brigands For Five Months

The official Japanese news services on October 23 reported that banditry had greatly decreased in Manchuria, but the headlines from the English-language newspapers in Japan tell another story. The headlines on this and another similar page reproduced in connection with the accompanying article appeared in the newspapers between September 1 and the middle of October. Previous reproductions of this character appeared in *The Review* on July 8, 15, 29, August 19 and September 16.

from becoming known to the outside world, the Japanese militarists have established a strict censorship on both incoming and outgoing news, but this has not prevented the facts from leaking out. One of the leading newspapers in England recently published an account by a British traveler in Manchuria who told of the execution of one group of 84 Chinese peasant farmers who were accused of being communists and on October 20 the Chinese newspapers in Shanghai published reports from Dairen telling of the arrest of 130 Chinese students on charges of being communists and of the resulting execution of more than thirty of those arrested. The remainder were given jail sentences ranging from three to ten years. This occurred in Kirin province where the Japanese army is now engaged in another extensive drive against the so-called "bandits."

The expense of maintaining "peace and order" in Manchuria has become the largest item in the Manchukuo budget and according to recent report this item now exceeds by 50-times the sum appropriated for education. According to a recent report of one of the foreign consular authorities in Manchuria the present year's appropriation for defence purposes, amounting to more than $50,000,000 (silver) amounts to approximately one-third of the national revenues for the current year. And this sum, expended from the Manchukuo treasury, is in addition to the expense of the Japanese army in Manchuria which falls on the taxpayers in Japan proper. But even this expenditure is not sufficient to keep the so-called Manchukuo army loyal for there are constant reports of revolts with ensuing murders of Japanese officers by the native constabulary.

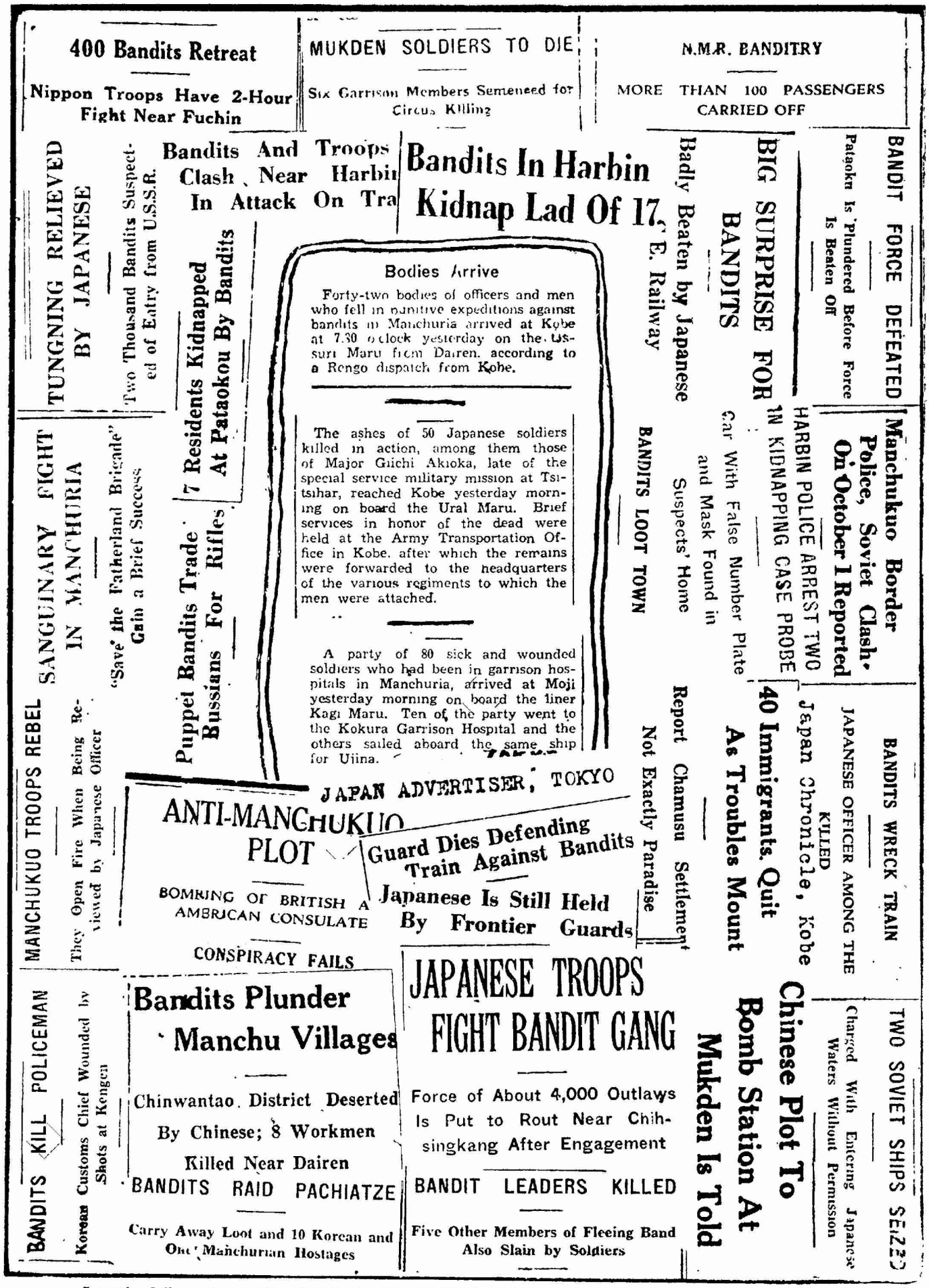
The reasons for this situation are numerous, but generally may be summed up in the widespread suspicion of the people regarding the motives of the Japanese military rulers of the territory. This suspicion which has existed since the original Japanese occupation is now being translated into outright hostility, due to the arbitrary methods pursued by the Japanese in their administration. While the Japanese still maintain puppet native administrations in the capital at Changchun and in the larger cities for exhibition purposes and also for international political considerations, the mask of cooperation with the native populations has been dropped elsewhere. Dr. Niichiro Matsunami, Chairman of the Japanese University Professors' League who recently toured Manchuria in company with a number of other professors of the League, declared in the course of an interview in the *Osaka Mainichi* that it was highly necessary for the Japanese military authorities to rid Manchuria of large numbers of "unscrupulous" Japanese who are engaging in dishonest practices at the expense of the local inhabitants. To quote from a translation which appeared in the *Japan Chronicle* on Sept. 20, Dr. Matsunami said that "there are some Japanese who for mercenary purposes are committing illegal acts of intimidating or bamboozling the Manchukuo people." This guarded statement by a well-known Japanese university professor, however, did not tell the whole story for other Japanese have been more outspoken. Miss Yoshiko Kawashima, who has been described as the Japanese "Manchurian Joan d'Arc," in a recent radio broadcast throughout Japan declared that the "arrogance of the Japanese in Manchuria is breeding intense hatred among all classes of the population." The cause of this situation in her opinion was the sending of Japan's "worst elements" to Manchukuo and the creation of a highly dangerous situation evidenced in the fact that banditry and disorder are on the increase. She also referred to the depressed economic situation which is causing thousands of small farmers to turn to banditry or the planting of opium-poppies. The farmers, in her opinion, "prefer being bandits with the possibility of a quick death to certain lingering starvation." As to the opium situation, Miss Kawashima charged that the Japanese authorities are trying to solve the bandit trouble in certain sections by inducing the peasants to plant poppies in place of soya-beans, the Japanese Manchurian opium monopoly promising them handsome returns on the new crop.

That the Japanese complications over their Manchurian administration are not confined to the depredations of buccanneers who have flocked to Manchuria in the wake of the Imperial Army, was indicated in an interview with Hidejiro Nagata, former Mayor of Tokyo, who also made a recent tour of inspection in the northeastern provinces. In a column-long interview in the *Japan Times* (Tokyo), Mr. Nagato urged the early appointment of civilian officials in place of the present Japanese military administrators. He said,

> "At present the commander of the Kwantung Army holds the position of chief of the Kwantung Administration Office and the ambassadorship. This system is not enough. I urge that these three posts should be occupied by different personages and such a post as 'ambassador plenipotentiary to Manchukuo' should be instituted.
>
> "Military affairs and military administration must be separated, so that soldiers on the active service should not be made to participate in such civil services as agriculture, commerce, home and finance. The system of the present special service department in the Kwantung Army headquarters, in charge of the administrative affairs should be revised to some extent although it has contributed much to the cause of the administrative work hitherto. I do not hesitate to appreciate the merits our soldiers rendered for the protection of our rights and privileges there but I fear that the soldiers may fail in administrative work, which is out of their line. To preserve the growth of the nation and their glorious honor, I wish the soldiers will seriously consider this mater.
>
> "To handle the administrative affairs, a supreme civil administrator must be appointed after the soldiers withdraw from the administrative work. As the civil administrator is an auxiliary organ of the ambassador plenipotentiary, he must be a man very familiar with the ambassador. Furthermore the fact must be kept in mind that civil administrators cannot fulfil their work without being backed by the power of the soldier."

Mr. Nagato said further that the administration of the South Manchuria Railway (controlled by the Japanese Government) should also be divorced from politics. At present the administration of the Railway is changed every time there is a change in the Tokyo cabinet, which means that every time a new premier is appointed in Tokyo there is a whole sale shifting of administrative officials on the railway. Under the conditions which prevailed prior to the Japanese occupation of Manchuria in 1931, this meant the wholesale dismissal of some 3,000 Japanese railway officials and the appointment of new men on

MANCHURIAN BANDITRY AND POLITICAL CHAOS CONTINUE



400 Bandits Retreat

Nippon Troops Have 2-Hour Fight Near Fuchin

MUKDEN SOLDIERS TO DIE

Six Garrison Members Sentenced for Circus Killing

N.M.R. BANDITRY

MORE THAN 100 PASSENGERS CARRIED OFF

BANDIT FORCE DEFEATED

Pataokou Is 'Plundered Before Force Is Beaten Off

TUNGNING RELIEVED BY JAPANESE

Two Thousand Bandits Suspected of Entry from U.S.S.R.

Bandits And Troops Clash Near Harbin In Attack On Tra

Bandits In Harbin Kidnap Lad Of 17.

7 Residents Kidnapped At Pataokou By Bandits

Bodies Arrive

Forty-two bodies of officers and men who fell in punitive expeditions against bandits in Manchuria arrived at Kobe at 7.30 o'clock yesterday on the Ussuri Maru from Dairen, according to a Rengo dispatch from Kobe.

The ashes of 50 Japanese soldiers killed in action, among them those of Major Gaichi Akioka, late of the special service military mission at Tsitsihar, reached Kobe yesterday morning on board the Ural Maru. Brief services in honor of the dead were held at the Army Transportation Office in Kobe, after which the remains were forwarded to the headquarters of the various regiments to which the men were attached.

A party of 80 sick and wounded soldiers who had been in garrison hospitals in Manchuria, arrived at Moji yesterday morning on board the liner Kagi Maru. Ten of the party went to the Kokura Garrison Hospital and the others sailed aboard the same ship for Ujina.

JAPAN ADVERTISER, TOKYO

BIG SURPRISE FOR BANDITS

Badly Beaten by Japanese

E. Railway

BANDITS LOOT TOWN

Report Chamusu Settlement Not Exactly Paradise

Manchukuo Border Police, Soviet Clash, On October 1 Reported

HARBIN POLICE ARREST TWO IN KIDNAPPING CASE PROBE

Car With False Number Plate and Mask Found in Suspects' Home

SANGUINARY FIGHT IN MANCHURIA

'Save' the Fatherland Brigade" Gain a Brief Success

Puppet Bandits Trade Bussians For Rifles

MANCHUKUO TROOPS REBEL

They Open Fire When Being Reviewed by Japanese Officer

ANTI-MANCHUKUO PLOT

BOMBING OF BRITISH A AMERICAN CONSULATE CONSPIRACY FAILS

Guard Dies Defending Train Against Bandits

Japanese Is Still Held By Frontier Guards

40 Immigrants Quit As Troubles Mount

Japan Chronicle, Kobe

BANDITS WRECK TRAIN

JAPANESE OFFICER AMONG THE KILLED

BANDITS KILL POLICEMAN

Korean Customs Chief Wounded by Shots at Kengen

Bandits Plunder Manchu Villages

Chinwantao District Deserted By Chinese; 8 Workmen Killed Near Dairen

BANDITS RAID PACHIATZE

Carry Away Loot and 10 Korean and One Manchurian Hostages

JAPANESE TROOPS FIGHT BANDIT GANG

Force of About 4,000 Outlaws Is Put to Rout Near Chihsingkang After Engagement

BANDIT LEADERS KILLED

Five Other Members of Fleeing Band Also Slain by Soldiers

Chinese Plot To Bomb Station At Mukden Is Told

TWO SOVIET SHIPS SEIZED

Charged With Entering Japanese Waters Without Permission

Japan's failure to pacify Manchuria is graphically indicated in the headlines reproduced above from newspapers in the Far East, chiefly the English-language newspapers published in Japan. There also is reproduced some clippings telling of the arrival of bodies of dead Japanese soldiers from the Manchurian campaign. The headlines on this page and another similar page in this issue constitute a continuation of similar reproductions which appeared in *The Review* on July 8, 15 and 29, August 19 and September 16.

a railway which at that time only controlled some 600 miles of tracks. Now that the S. M. R. has taken over all of the formerly Chinese-owned railways and thus increased its mileage to practically 2,000, the situation has become much more complicated, involving many more thousands of Japanese employes, who, realizing that their tenure of office is limited, always make the best of their opportunities in Manchuria. The result is that Manchuria and its native population have become the prey of a horde of Japanese political adventures or plain buccanneers who are robbing and oppressing the people. Due to the control of the native courts by Japanese judges appointed by the Kwantung army, the Chinese have no recourse against their Japanese oppressors, hence a further reason for banditry or outright communism.

As to the actual banditry situation, space is inadequate for a detailed review which would occupy many columns. On October 23 *Reuters* carried a report from Changchun, derived from Japanese military sources alleging that "there are fewer bandits in Manchuria today than at any previous time in the country's history." The report concluded with a statement that the total number is now esimated at 100,000. But on October 14, only six days prior to the issuance of this report, the Japanese *Nippon Dempo* service in a report from Mukden told of the killing of Lieutenant Kashio Ito and 22 other Japanese soldiers in a fight with a force of 600 outlaws in the vicinity of Yangshan. Some twenty other Japanese and Manchukuo soldiers were reported missing. On October 13, 80 Manchukuo police at Antung were surrounded by 300 so-called bandits and only 32 succeeded in getting back to headquarters, the remainder being reported "missing." On October 6 some 30 Manchukuo police attached to the Mulan detachment in Heilungkiang province, revolted and after freeing the prisoners in the local jail, fled into the mountains where they joined an outlaw band. The Chinese police also attacked the official residence of the chairman of the district and killed the Japanese "adviser," and seriously wounded his daughter. On October 2 bandits derailed and robbed a train on the Yingkow branch of the Mukden-Shanhaikwan railway. Some 20 passengers were wounded, the engineer and fireman were killed and all of the passengers were robbed, in addition to several being killed. On October 4 a Japanese detachment met a band of 400 bandits at the town of Chihsingkiang, near Fuchin in Kirin province. Fighting lasted for two hours before the bandits were routed. One Japanese officer and a private were killed and three others were seriously wounded. A dispatch from Chentiao on October 2 told of the raiding of the town of Toutaokou and the kidnapping of 10 Koreans and one Chinese merchant. The bandit force numbered more than 2,000. A Mukden dispatch on October 6 stated that a force of Manchukuo troops stationed at the town of Lunhsi had revolted during an inspection by a Japanese officer. One Japanese officer was killed and another wounded in the fighting which lasted for more than an hour and, according to the Japanese report, resulted in the killing of more than 100 of the rebel Manchukuo troops. Another report from Chientao on October 10 stated that eight Chinese "communists" were killed by Japanese police in a raid on a Chinese communist party headquarters at Huitsangtung. On October 22 the Japanese garrison at Tungning, near Harbin, encountered a force of 300 bandits resulting in 12 being killed and several wounded. Four Japanese were seriously wounded. A report from Vladivostok on Oct. 13 through the Russian *Tass* service stated that more than 30 bandit gangs with a total strength of 8,700 men were operating along the eastern branch of the Chinese-Eastern railway between Harbin and the Russian border at Pogranictnaya. A report in the *North-China Daily News* from its Harbin correspondent, dated September 28 stated that the increased banditry in north Manchuria was having a serious effect on the trade of the country, "hence it was necessary for the government to take even stronger measures than it had taken in the past against the insurgents and bandit gangs which are constantly moving about and interfering with the peace and prosperity of the people." The report told of numerous attacks on trains which had resulted in vast losses to the railway through destruction of rolling stock. In order to protect the trains the Japanese have been compelled to attach a special car containing a detachment of Japanese soldiers, in addition to the Manchukuo guards which previously functioned. Another report from the Harbin correspondent of the *N. C. D. N.* dated September 18 told of a further attack on C. E. R. trains, one of which resulted in two Japanese soldiers and a Russian passenger being killed.

The situation at Harbin has become most precarious where kidnappings occur almost daily. Simeon Kaspe, son of the proprietor of the Moderne hotel is still a captive after several weeks despite the efforts of the Japanese and Manchukuo police to effect his rescue. Several days ago the outlaws sent Kaspe's father a piece of the boy's ear with a threat they would amputate his fingers unless a large ransom was forthcoming. Young Kaspe is a talented musician. Miss Yuran Honjo, a Japanese resident of Harbin was kidnapped on September 22 and is still held. Miss Honjo is a lecturer and entertainer who went to Manchuria to cheer the Japanese soldiers. George Holden Tinkham, member of the U. S. Congress from Boston, who recently made a tour of Manchuria, stated that conditions in Harbin were so precautious that it was necessary for the American Consul-General George Hanson, to maintain a small arsenal on the consular premises.

As stated in the foregoing, a complete summary of the various incidents involving kidnappings, wrecking of trains, and fights between Japanese troops and bands of outlaws would occupy many columns of space even though set in small type. As these lines are being written the writer has before him more than 100 clippings, chiefly from English-language newspapers published in Japan, telling of clashes with bandits over a period of about six weeks or from September 1 to the middle of October. These incidents range from isolated kidnappings or killings of one or two Japanese such as an incident on October 20 when bandits captured a steamer on the Sungari near Harbin and kidnapped a Japanese named Yamagouchi, member of the Harbin Japanese commercial expedition. Other incidents have been more serious such as the wrecking of a passenger train on the Mukden-

Shanhaikwan railway on September 17 when a Japanese sergeant and a private soldier were killed and the train robbed of a payroll amounting to more than Yen 120,000 which was being sent along the line to pay the employes. On September 15 the Russian news service reported the wrecking of a train on the eastern branch of the Chinese Eastern Railway when 60 passengers, including 37 Soviet Russian citizens were carried away into the mountains. On September 19 another gang of bandits attacked a train on the Kirin-Hailung railway. Some 30 Manchukuo guards and a Chinese passenger were killed and a Japanese military officer was fatally wounded and two other Japanese soldiers slightly wounded. On September 19 some 400 bandits calling themselves the "Save Fatherland Army" attacked the town of Mishan northeast of Kirin. They burned 30 houses in the town and carried away 15 citizens as hostages. On September 9 a Japanese troop-train on the C. E. R. near the station Imienpo was wrecked by bandits and one Japanese soldier was killed and four seriously wounded. On September 1 a force of 2,000 so-called bandits attacked the town of Pakuoshu near Harbin where a Japanese garrison is quartered. Japanese Sergeant Ohashi was killed together with private Kato and Nakagawa and six other Japanese were seriously wounded. On September 9 the town of Tungning was the scene of a battle between Japanese troops and bandits resulting in 55 Chinese being killed while the Japanese suffered one killed and four wounded. Manchukuo forces lost 17 killed and 23 wounded in a battle with outlaws at Paotsing near Harbin on September 9.

And so on through the dismal record of Japan's failure to pacify Manchuria, the real story of the disaster being told in the small items published in the Japanese newspapers telling of the frequent shipments of bodies of dead officers and private soldiers back to their sorrowing relatives in Japan and of further and longer processions of sick and wounded soldiers from the Manchurian campaigns which pass through the Japanese ports practically every week. General Hyojiro Hattori, commander of the Japanese 7th Brigade, who recently returned to Japan after service in Manchuria stated that his force had lost 520 officers and men in the course of 150 battles with bandits in a period of 10 months. A report through *Reuters* from Mukden on October 24 quoted Japanese military authorities as stating there were 762 bandit attacks or incidents in Fengtien province during the month of September. It was claimed this represented a decrease of 200 cases from August. On October 21 the Japanese official *Rengo* service in a dispatch from Changchun stated that the Japanese army had decided to conduct another and "conclusive" anti-bandit campaign in Kirin province. The report concluded with the sentence, "It is believed that this campaign will result in the establishment of permanent peace and order." On the same day the Japanese military authorities at Mukden "lifted the ban" on the publication of news pertaining to a so-called "communist" plot to destroy Manchukuo. Some 40 Chinese who were arrested, allegedly admitted the charge lodged against them. The Japanese report also stated that there was evidence that the Chinese communists in Manchuria had connections with bandits and red forces in central China. On Oct. 15 the Japanese unearthed a somewhat similar plot at Harbin, the object of the plotters also being to "destroy" Manchukuo. The ringleader in this case was a Manchukuo official connected with the Chinese Eastern Railway. And of final interest was a report from Canton on October 18 stating that the well-known Chinese volunteer leaders Kung Hsieh-ying and Wang Teh-ling, who had been in Canton collecting funds for further anti-Japanese adventures in Manchuria, had returned to Harbin and were making preparations for more extensive activities.

Did Roosevelt's Move Head Off a Russo-Japanese War?

KOKI HIROTA, Japanese Foreign Minister, on October 17 declared, *"In cases where ordinary diplomacy fails in dedlings with Russia and China, Japan will not hesitate to take definite independent measures (force)."*

On October 24. (one week later) Mr. Hirota in a further statement on Japanese foreign policy declared, *"Japan will make every effort to dispel the ominous almosphere and will endeavor to promote friendly relations . . . as regards Russia, Japan will endeavor for an early settlement of pending problems, but will refrain from taking any initiative . . . as to China, Japan will take steps to promote friendly relations, hoping China will show sincerity in her diplomatic relations with Japan."*

Various arguments will be advanced in explanation of Hirota's sudden change in attitude with respect to Japanese policy toward Russia and China, but it will require a great deal of explaining to convince the Chinese and others as well, that it was not due to President Rosevelt's invitation to Mr. Kalinin, President of the Soviet Central Executive Committee to send a representative to the United States for the purpose of adjusting outstanding differences between the two countries. Roosevelt's invitation to Kalinin was made public on October 20, at which time Japan and Russia obviously were rapidly drifting toward a state of actual war. Hirota's appointment as Foreign Minister on September 14 was generally regarded in Japan and elsewhere as an indication that Japan intended to pursue a still more "positive" policy in her relations with both Russia and China and it was noticeable that the relations between Japan and Russia immediately became more strained. This was followed by the Soviet's publication of secret Japanese documents which completely unmasked the motives of the Japanese General Staff with respect to its plans to seize the Chinese-Eastern Railway and wage war on Russia. As to Japan's policy toward China, it was immediately following Hirota's assumption of office that a whole horde of Japanese diplomatic emissaries and special observers were turned

loose on China with the object of forcing the issue of China's recognition of Manchukuo. In other words, Hirota as the agent of the Japanese military clique, was well started on his so-called positive policy with the object of either breaking the diplomatic deadlock with Russia and China or precipitating a war situation. As for the Tokyo military clique, Gen. Araki had already issued his statement regarding the imminence of a military dictatorship in Japan and a series of extraordinary cabinet conferences had been called for the purpose of forcing through the exorbitant appropriations for the army and navy.

Then came the announcement released simultaneously in Washington and Moscow on October 20 and as a flash of lightning often relieves the tenseness that precedes an atmospheric storm, the Russian-American move toward diplomatic rapprochement had a similar effect on the Far Eastern crisis. On October 23 Japan's No. 1 warlord, Gen. Sadao Araki declared that Japan "would not make a foolish attempt to bring about another Soviet-Japanese war" and on the following day a high official of the Manchukuo regime in Changchun declared that "anybody caught spreading rumors about an impending war between Russia and Japan would be severely punished."

Thus it seems logical to conclude that the decision of the American and Russian government to make an attempt to patch up their troubles has already brought about a distinct improvement in the situation in the Far East. Most assuredly it caused an immediate alteration, if not a fundamental change in the direction of Japanese policy which was drifting toward war. From a positive aggressive policy, the Japanese have been compelled to shift to a defensive attitude due to the complete collapse of their attempt to obtain occidental assistance in a war against the Russian Reds.

Therefore there was more than ordinary significance in the news which was cabled from Tokyo on October 24 that Katsuji Debuchi, Ambassador to the United States, had resigned. For the past two years Debuchi's principal job in Washington has been the dispensing of information that Japan's chief purpose in Manchuria was to prevent the spread of Russian influence in Asia. That the news of an approaching Russo-American resumption of normal diplomatic relations has not aroused joy in Tokyo military circles was indicated in brief dispatches on October 22 which quoted Warlord Araki as expressing serious doubt that the pending conversations between Roosevelt and Litvinov would pave the way for a resumption of relations between the two countries. But regardless of the Japanese attitude the rest of the world has been quick to realize the import of the pending Russo-American rapprochement. A brief dispatch from London on October 23 quoted the *News-Chronicle* as stating that the American decision to restore relations with Russia had been due to the delicate situation in the Far East as well as the tension in Russo-Japanese relations. The paper referred to Russia as a power "capable of checking Japanese ambitions." Newspapers in France, at Geneva and elsewhere in Europe were also quick to sense the significance of the American-Russian move. The French newspapers regarded the move as an important factor in the strengthening of world peace and a stronghold against the new "Japanese-German bloc, the existence of which everybody is convinced." As for the Chinese they also have been quick to sense the changed situation. T. V. Soong, Finance Minister, stated that the resumption of relations between America and Russia "would undoubtedly have a tendency to guarantee the maintenance of world peace.... although relations between Japan and Russia had been strained recently, whether there would be a war between them would entirely depend upon future developments in world politics." The *Shun Pao* declared that the serious situation in the Orient made it absolutely necessary for the two great Powers of the Pacific—the United States and the U. S. S. R.—to reach a rapprochement....it would stabilize the situation in the Far East and put a check on that state in the Pacific whose national policy is one of aggression against its neighbors....should the forthcoming conversations at Washington between Roosevelt and Litvinov prove satisfactory and result in American recognition of the Soviets it would be another proof of the peaceful policy of the U. S. S. R. as well as the increasing stability of her international status."

Aside from China who has been the chief victim of Japanese aggression in the past two years, the two other countries most vitally affected have been Russia and the United States. Russian railway and other investments in Manchuria, vital to the welfare of her Far Eastern provinces, have been prejudiced by Japanese military aggression in north Manchuria and threatened Japanese adventures into Mongolia and Siberia. American interests in the Pacific, in Hawaii and the Philippines, and trade interests in Asia generally have likewise been prejudiced by the Japanese expansionist policy and further threats toward Japanese naval dominance in the Pacific. It is therefore quite logical that these two countries should cooperate in meeting the Japanese menace on land and sea. Whether they will reconcile their long-standing differences and unite on a pacific policy remains to be seen, but the outlook appears propitious. International politics as now conducted is comparable to a poker-game with economic resources and military power as stakes. Of the four powers, America, Russia, China and Japan, now participating in this Far Eastern game, it requires no elaboration on our part, as to which ones hold the best stakes. If America, Russia and China play their diplomatic cards intelligently, the Tokyo warlords who have been strutting about for the past two years talking about world domination will be compelled to revise their technique.

EFFECT ON FUTURE CHINESE-JAPANESE RELATIONS

It is too early to determine the possible future effect of a Russo-American rapprochement upon the relations of China and Japan. In some quarters there is a feeling that a re-establishment of diplomatic relations between the United States and Russia will have the effect of strengthening the hands of those elements in China which are opposed to "giving-in" to the Japanese on the Man-

churian and other issues. The reason for this feeling is that Russia may now be counted on for full assistance in any future cooperative arrangement or conference designed to re-establish a lasting peace in the Orient based on treaty observance rather than force. Russia was not present at the Washington Arms Conference in 1921-1922, but Russia will be present at the conference in 1935-1936, when there probably will be another complete airing of the Far Eastern situation, including the Manchurian issue and the all-important question of the Mandated Islands in the Pacific. The Peiping *Morning Post* in the course of a discussion of what was termed, "Hirota Diplomacy," said that Japan would now try to secure the fruits of a diplomatic victory without recourse to war. "But the hostility of America, Russia and China have placed Japan in a very difficult position. Although Japan has seized the four northeastern provinces she cannot liqiudate her military adventure so long as China refuses to compromise with her. The League may be impotent, but all the member states have accepted the resolution against recognition of Manchukuo. If Japan wants to retain her hold on Manchuria she must constantly develop her armament to a point where she can challenge any nation which tries to uphold justice and fairplay .... If the armament race keeps up an explosion is inevitable.... This has caused some Japanese leaders to begin thinking of moderation. But their hope is nevertheless based on an expectation they may be able to gain their ends without resort to war. It remains to be seen whether Japan can keep the fruits of her aggression indefinitely, but this explains why there has been a recent modification of Japanese policy."

Since the publication of the original reports pertaining to the Russo-American rapprochement there have been numerous reports in Chinese circles regarding Japan's new propaganda tactics, one such report being to the effect that the Japanese are now telling the Chinese, particularly the Chinese military authorities that the re-establishment of relations between Russia and the United States will lead to a combination of the "white" powers against the peoples of the Orient, hence it now more necessary than ever that China should forget her animosities and cooperate with Japan in resisting the occidental powers.

SINO-JAPANESE DISCUSSIONS

According to a *Reuter* report from Peiping on October 24, Mr. Ariyoshi, Japanese Minister, visited Huang Fu, head of the Peiping Political Committee and a three-hour conference was held, the results or import of which was not announced. The report said further that orders were issued to the Chinese newspapers not to mention the conference in their news accounts. Further reports from Peiping and Tientsin said that there were rumors in circulation to the effect that Ariyoshi and Huang Fu were discussing an extension of the Tangku truce arrangement (signed on May 31) designed to bring about a resumption of postal and railway communication between north China and Manchukuo as well as the demarcation of a boundary betwen north China and the puppet state. Lieutenant-Colonel Shibayama, Japanese Military Attache at Peiping, who went to Changchun to confer with the Japanese Kwantung army authorities, in a *Rengo* interview highly praised the activities of Huang Fu and General Ho Ying-chin in readjusting the political situation in north China. General Ho Ying-chin was said to have sent a representative to Manchukuo to thank the Japanese military authorities for their cooperation in eliminating the Chinese rebel commanders Fang Chen-wu and Chi Hung-chang from the demilitarized zone and also in the suppression of bandits in the Luantung area. Dr Yotaro Sugimura, former Japanese representative at the League who is now touring China and interviewing Chinese officials was reported to have delivered an address at Hankow in which he told the Chinese that Dr. Rajchman, league technical adviser now employed by the National Government, was likely to become a second "Soviet-Borodin."

Gift of $100,000 Granted to Bandit-Suppression Forces

At the meeting of the standing Committee of the Central Executive Committee held in Nanking, Oct. 19 under the chairmanship of Wang Ching-wei, it was decided that a sum $100,000 be appropriated by the Central Treasury as a gift to the bandit-suppression forces.

General Chiang Kai-shek latter part of last week flew south from Nanchang personally to direct his campaign against Chu Teh and the Communists in Kiangsi and Fukien. Some 200,000 men have been concentrated on a 133-mile front stretching from Lichwan to Kian, on the Kan river. A general order to advance is expected during the next few days. Chu Teh's "Chinese laborers and peasants" first, third and fifth "red armies," number some 70,000 uniformed and disciplined men, possessing plenty of machine-guns. His men are mostly peasant lads from Shantung and the North who have adopted soldiering for a profession and preferred service under Chu Teh. For three years they have received their pay of eight dollars a month in full and have been fed at the expense of the civilian population. In this respect (according to *Reuter*) they form a contrast with the government troops in Kiangsi, who, for the last three years, have only received an average of two dollars a month.

General Yu Fei-peng, Political Vice-Minister of Communications, stated at Nanking, Oct. 21 that preparations have been completed for the launching of a large-scale drive on the "Reds" in the province of Kiangsi. To encourage the Government troops in the campaign against the "Reds," General Chiang has decided to advance his provisional headquarters from Nanchang to Fuchow, about 70 miles south-east of Nanchang, so as to personally supervise the operations at the front.

Government Troops Make Good Progress

Interviewed at Nanking, Oct. 20, Yu Fei-peng, Vice-Minister of Communications, on his return from Kiangsi, declared that General Chiang Kai-shek had already ordered a general offensive against the communists. General Chiang, the Vice-Minister added, has ordered the complete suppression of the communists within three years. The generalissimo is at present personally directing operations at Fuchow, south of Nanchang.

A Nanking message Oct. 23 stated that the Government troops are continuing to make good progress in their campaign against the Communists in Kiangsi. General Chiang Kai-shek is said to have addressed a manifesto to Red combatants, guaranteeing them safety and liberal treatment of all deserters from the ranks of the Communists.

General Ho Chen-chun, Pacification Commissioner of Hupeh, who had just returned from a trip to Szechuen, also proceeded to Nanchang this week and took part in a conference with the generalissimo and other generals regarding wide-scale rehabilitation in the three provinces of Hunan, Hupeh and Kiangsi.

General Ho Chien, Chairman of Hunan provincial government and commander of the west route army for bandit suppression, arrived in Nanchang during the week accompanied by his Finance Commissioner and his chief of staff.

A wounded private belonging to the 17th division of the "Chinese Laborers and Peasants First Army (Communist) group," lying in a base hospital at Nanchang, has given details of the hardship caused by the shortage of

salt in the Red Army. A find of 1,000 bags of salt in Yenkow proved a god-send. The losses of the Reds at the hands of the 19th Route Army and Liu Hsin-pu's division had been appalling as they had no facilities for looking after the wounded. The German-trained Red military eader, Chu Teh, is stated to be feared and hated by all.

General Weng Chao-yuan (Oong Chao-huan), defender of the Woosung Forts during the Japanese invasion of Shanghai about two years ago, has been appointed Bandit-suppression Commissioner for the Hinghwa-Chuanchow-Yungchun area in eastern Fukien with Major-General Yu Cheng-jao as his Chief-of-Staff.

Temple Turned Into Hospital at Nanchang

Hospital accommodations at Nanchang have been improved by the arrival of six doctors and eight trained nurses from Nanking. One of the city temples was cleared of gods and renovated. The sanctum of the head priest has been converted into a dark room for an X-ray apparatus and the room next door into an operating theatre. The novices' dormitory has become a large ward for five hundred men. Each day hundreds of wounded come back by road and river, so that the hospitals in Nanchang are full. Light cases are moved on by rail to Tuchiapu and Kiukiang, whence they are taken by steamer to Hankow, Nanking and other towns on the Yangtsze.

Kiangsi Communists Remove "Capital" to Fengtien

Following the joint attack on Hueichang made by the Fukien and Cantonese troops, the Communists have removed their "Soviet Government" to Fengtien, a town in the vicinity of Hueichang.

Reports from Eastern Hunan state that, on Oct. 13, two divisions of Communists, numbering more than ten thousand men, made an attack on Pinghsiang and Liling from three different directions. Pinghsiang was defended by one regiment of Hunan provincial troops when the Communists attacked; the outskirts of the city were held by two companies. With the aid of reinforcements the attacks of the Communists were finally driven off. They withdrew to Kiangsi on October 16, but not before they had destroyed the railway tracks and telegraph communications.

General Hsia Tu-yin, former chairman of Hupeh Provincial Government, has been given a post by General Chiang Kai-shek as High Adviser to the Military Commission at Nanchang. Chao Chi-lu, former head of Civil Affairs in Kiangsu, has been promoted Chief of Staff to the North Route Army under General Ku Cho-tung, the resigned Kiangsu chairman, who has been made Field-Commander of the North Route Army in Kiangsi.

The *China Times* comments:—"It cannot be denied that communism in China is, to some extent, encouraged by our corrupt administration. If we want to stamp out communism for good we must lose no time in reforming our administration. At the present moment there are numerous factors which compel lawabiding citizens to turn to the Communist-bandits. We cannot overlook the cause and yet insist on removing the effect. This would be a hopeless task."

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Communists Moving Steadily Eastward in Szechuen

In spite of optimistic official reports to the contrary, the Communists in Northern Szechuen are gaining ground every day and the troops under General Liu Tsun-hou show themselves unable to put up an effective resistance against the onrushing Red forces. At present the total strength of the Communists is estimated at 60 000 men. They are moving steadily eastward, with the object of capturing Suiting and thus to join up with the Communist forces in Western Hupeh under Ho Lung.

The provincial troops in Szechuen are reported to have recovered Yinshan and Chuhsien from the Communists. Several important towns midway between Chuhsien and Pachung, the Communist stronghold, have also been recaptured. The Communists are now moving eastward with the apparent intention of attacking Suiting. General Liu Hsiang, commander-in-chief of the expeditionary army, has ordered two brigades of his troops to Tahsien and Wanhsien to strengthen the defense there as a precaution against a possible Communist offensive. Airplanes of the expeditionary army in Northern Szechuen are conducting daily raids over the Communist lines.

Gen. Wang Chia-lieh, Chairman of Kweichow, wired Canton on Oct. 21, stating that he is avoiding a war with the rebel forces under Gen. Yu Kuo-chai, his rival and former Chairman of Kweichow. Gen. Wang has alloted certain piaces in the province where Gen. Yu may station troops. He appealed to the people of Kweichow to give him necessary support for the preservation of peace in Kweichow.

Invading Tibetans Are Ambushed

A telegram from Chengtu, capital of Szechuen, on Oct. 22, reported that the Kweileh Lama of Tibet launched a sudden attack on Pa-an in Sikong with 2,000 Tibetan troops on Oct. 21. The invading Tibetans were ambushed by the Sikong and Szechuen Garrison and were heavily defeated, with the Kweileh Lama narrowly escaping capture by swimming across the Kingsha river.

Gen. Chen Chi-tang Seals Up Gen. Fang Chen-wu's Office

At a recent meeting of the South-west Political Council the Party leaders made a joint appeal for the formation of an independent government against the Nanking regime. Although they received considerable support from unimportant persons. General Chen Chi-tang refused to utter a word. As a result no decision was reached at the conference. General Fang Chen-wu's office at Canton was later forcibly sealed up by General Chen Chi-tang on the ground that General Fang attacked Peiping against the orders of the South-west.

General Chen Chi-tang has decided to call a conference of civil and military leaders in Kwangtung, Kwangsi, Fukien and several other south-western provinces to discuss the existing political situation.

In order to unify the local currency system the Kwangtung Department of Finance is enforcing a ban on the use of foreign currencies (particularly Hongkong notes) for domestic transactions.

The Kwangtung Provinicial Administrative Conference pened at the Sun Yat-sen Memorial Hall in Canton Oct. 20. Altogether 192 high provincial and district officials, including 90 magistrates, attended the parley.

The Canton military authorities have ordered the execution of seven officials in the Canton government offices for their alleged connection with the so-called Blue Gown Clique. Among those to be executed is Lan Tieh-shan, a high official in the Canton Public Safety Bureau.

Ninety-two county commissioners of finance have been appointed by the Kwangtung Department of Finance. The new commissioners secured their posts by competitive examination.

The Kwangtung Provincial Government has issued an order for the arrest of Chang Ching-sen, famous Chinese writer on sex matters. He is a native of Jaoping near Swatow. The Canton authorities have also issued strict orders to the police to forbid bookstores from selling his books.

The business tax on kerosene of three National dollars per case of ten gallons went into effect Oct. 16.

Canton Receives Tanks, Arms and Planes

A large consignment of arms and ammunition, including a number of armored cars, tanks and automatic rifles, all purchased for the Yentang military cadets, arrived in Canton during the week. General Ho Lo, Director of the Canton arsenal at Shekching, has received express orders from General Chen Chi-tang to carry out immediately the scheme for the extension of the arsenal. The completion of the project will enable the arsenal to turn out daily 250 bombs for airplanes, 200 shells for field guns, 3000 hand grenades and 10 heavy bombs.

Expense of National People's Congress Is Being Studied

The Executive Yuan has communicated with the Legislative Yuan concerning the drafting of the law governing the organization of the *Kuo-Min-Ta-Hui* (National People's Congress) and the law governing the election of the delegates thereto. The Ministry of Interior will be instructed to draw up detailed plans and estimates of expenditure for submission to the Executive Yuan for approval.

U.S. Navy Day Celebrated in Shanghai

October 27 is being celebrated by the U. S. Navy as Navy day. In Shanghai, four vessels are in port all of them open for inspection. The four vessels are the U.S.S. *Houston*, flagship of the American Asiatic Squadron of which Admiral F. H. Upham is Commander-in-Chief, U. S. S. *Isabel*, U. S. S. *Panay* and U S. S. *Sacramento*. The Fourth Regiment U.S. Marines are also holding open house.

War and Navy Heads Further Consolidate Control Over Japanese Government

THE squabble between various members of the Japanese Cabinet with reference to the establishment of a unified policy regarding national defense and diplomacy has resulted, as it was almost inevitable that it would, in more firmly entrenching the War and Naval Ministries. A semi-official communique was issued by the Japanese War Office in Tokyo, Oct. 18, declaring that the unified national policy advocated by the Minister of War, General Araki, at the meeting of the five leading cabinet ministers was based on an estimation of both home and foreign affairs as unanimously made by the War Office and the Army General Staff. The communique says that the army upholds the policy advocated by the War Minister with full conviction and expects its execution. It adds that the War Council had solidly decided to uphold the War Minister so as to enable him to realise his policy. The communique followed a meeting of the War Council, which General Araki attended to explain both the home and foreign situation, including Germany's withdrawal from the League of Nations and the Disarmament Conference, and affairs in Manchukuo and China.

Foreign Minister Hirota in a statement Oct. 24 said that as regards Japan's policy toward America, Japan should exert the best of her efforts for the improvement of her relationship with the United States in view of the important role which America plays in the Far Eastern situation. Better relations with America are also necessary for Japan, he said, in view of the second Washington Conference to be convened in 1935. As regards Russia, Mr. Hirota said it was very much to be regretted that Russia, holding one of the larest armies in the world, had been assuming a menacing attitude towards Manchukuo. Under the circumstances, Mr. Hirota said Japan must complete her military armaments so as to be prepared against external aggression. Meanwhile, however, he said, Japan is ready to enter into consultations with Russia for the solution of various pending issues between the two countries.

For a number of reasons, the Army is pressing for the inclusion of unusually large appropriations in the Budget for the next fiscal year. The total is said to be close on Yen 600,000,000, including around Yen 250,000,000 for arms replenishment and reorganization.

President of Minseito Opposes Further Loans

Opposition to a government policy of balancing the budget by the issuance of new loans was expressed Oct. 10 by Baron Reijiro Wakatsuki, president of the Minseito and a former Premier, in the course of a press interview. He indicated that in his opinion a policy of increased taxation would be much more suitable. The Baron also touched on the disarmament, hazarding the observation that the United States could hardly be criticized for its naval program as that program fell entirely within the scope of the London Treaty.

Baron Wakatsuki mentioned in his statement that Japan's three big points at the London Conference were as follows:—

1.—To secure 70 per cent of the American strength in the tonnage of the auxiliary craft.

2.—To secure 70 per cent. of the American strength in regard to big cruisers.

3.—To secure 77,800 tons of submarines for Japan, irrespective of the strengths of the other Powers.

America claimed, on the other hand:—

1.—The ratio of 10 for America to Japan's 6 in regard to the total tonnage of auxiliary craft.

2.—The ratio of 10 for America to Japan's 6 in regard to big cruisers.

3.—The total abolition of submarines.

Baron Wakatsuki declared that as is clear from the London Treaty, although Japan got 25,000 tons less than her original claim in submarines, her claims in other respects were practically satisfied. Indeed, as the submarine strengths of Japan and America were fixed at the same strength, it may be said that the three points were virtually carried out.

It was announced from Tokyo, Oct. 24, that the Japanese Government is contemplating the flotation of the second issue of government bonds, allotted for this year's portions, amounting to 250,000,000 yen.

Impending Shake-Up in Naval Commands

With the reported object of "speeding up the liquidation of the London Naval Treaty aftermath," a far-reaching and important shake-up among the higher commands in the Japanese Navy is expected about the middle of November. If this forecast proves correct, all the key positions in the Navy will shortly be held by "Big Navy" advocates, and a triumvirate consisting of Vice-Admirals Suetsugu, Nakamura, and Takahashi, all men of pronounced views and determined natures, will then direct Japan's naval policy in the same way that Generals Araki, Mizaki, and Koiso guide the Army.

Having decided the principal policies for Japan's future diplomacy towards foreign powers, Mr. Hirota, Minister for Foreign Affairs, repaired to the Imperial Throne, Oct. 18 for the first time since his assumption to the portofolio.

The *Nichi Nichi* commented that although Mr. Hirota and General Araki are said to have reached an understanding in favor of armed peace at previous conferences, the War Minister is by no means satisfied with a mere solution of national defense problems in connection with the next fiscal year's budget. He demands the establishment of a firm national policy, particularly emphasizing the importance of stabilizing the people's thought and the thoroughgoing execution of social politics, on the basis of which Japan's effective national defense may be maintained.

Japanese Diplomats to Be Shifted About

The Japanese Foreign Office is considering a wholesale shift of Japanese diplomatic representatives. Katsuji Debuchi, Ambassador to the United States of America, will shorty be called back to Japan, and will probably not return to Washington.

No Change in Policy Towards Russia

Dr. S. Washio wrote in the *Japan Advertiser* Oct 13:—"It would be a mistake to think that recent differences of opinion in the conference of five Ministers implies any fundamental change of policy as regards Russia. What the army would not yield, the Foreign Office cannot be expected to yield. The ultimate object will be the same. The difference is only in procedure. The army logically favors a strong policy, while the Foreign Office would move toward the same objective by peaceful diplomacy. Whether the Foreign Minister's efforts will succeed or not will depend largely on Russia's attitude. The situation calls not for false demonstrations but for the same sense of realism Moscow showed in the earlier stages of the Manchurian problen and again in proposing the sale of the C. E. R., which is patently the only way to salvage whatever interests Russia still retains."

Viscount Ishii Speaks on Japan's Economic Penetration

Viscount Ishii, one of Japan's representatives at the World Economic Conference in London, speaking at a dinner party given in his honor in Tokyo Oct. 14 said that neither on his way to the World Economic Conference nor during the Conference did he hear adverse criticisms of Japan's action in Manchuria, but the complaints of the invasion of Japanese goods into the world market he heard

very often. On the occasion of his interview with President Roosevelt, he was asked many questions about Japanese rubber shoes—questions which were based on elaborate investigations. When he saw Mr. MacDonald, the British Premier, he was again asked questions about Japanese rubber shoes. From many quarters he said he had heard complaints that Japan was conducting an economic invasion of the world. In a sense, he said, this was a matter for congratulation, as it testifies to the great economic ability of Japan, but on the other hand, it shows that Japanese goods are the cynosure of hostile attention everywhere in the world.

Emperor Supervises Military Maneuvers

The Japanese grand military maneuvers began on Oct. 24 in Fukui prefecture under the personal supervision of the Emperor.

The maneuvers are being held on a full war footing, about 60,000 men participating. The commanders of the opposing north and south armies are Lieutenant-General Yoshikatsu Aramaki and Lieutenant-General Keiichi Harada, respectively. Prince Kanin and Lieutenant-General Kenkichi Uyeda, chief and vice-chief of the Army General Staff respectively, are assuming those duties in respect of the maneuvers, while Lieutenant-General Ioshizo Nishio is chief of operations.

A Manchukuo military mission of 35 led by Marshal Yu Chi-shan, arrived in Tokyo Oct. 19 from Changchun to witness the Japanese military maneuvers.

An artilleryman was killed and his three companions very critically injured when a field-gun skidded and plunged over a bridge near Nagoya Oct. 20.

Engineering and Munitions Industries Have a Boom

Thanks to the revived activity of the munitions industry and the engineering work in many prefectures, steel manufacturers in Japan are now in an enviable position. Their trade has markedly increased since the beginning of the year and their profit continues to mount. Many concerns which increased their dividend payments last term may effect another increase this term.

The Nippon Kokwan Kaisha (Pipe Company), which recorded a total profit of Yen 3.140,000 and paid 12 per cent. dividend last term, expects to bring up this profit to Yen 4,600,000 for the current term. The Tokai Steel Company expects to record a profit of at least Yen 450,000 as against Yen 320,000 last term. Its dividend will in all probability be raised from ten to 12 per cent.

Flood of Japanese Pottery Into the U.S.A.

Conspicuous headway is reported by Japanese potteries in overseas markets of late. Their exports this year are expected to reach an enormous volume. Overseas manufacturers are, however, alarmed as there is a growing demand for counter measures. During the first four months last year, the U. S. statistics reveal, America imported about 1,000,000 dozens of pottery articles from Japan; their value averaged 26½ cents per dozen, while the total quantity imported from other countries was only 230,000 dozens, the average price being as high as $1.40. During the corresponding period this year, the import from Japan reached 1,400,000 dozens and the average price was 19 cents per dozen, while that from other countries dropped to 155,000 dozens, the average price being $1.35.

British Labor Leader Makes Vigorous Attack Against Japan

George Lansbury, leader of the Labor opposition in the British House of Commons, in the course of a broadcast speech Oct. 20 launched an energetic attack against Japan. "Using violence like a real international pirate," Mr. Lansbury said, "the Japanese Government has broken all engagements, treating all the pacifist pacts signed by Japan like scraps of paper."

Professor O'Conroy, formerly instuctor of English at the Keio University, Tokyo, who last week published an article violently attacking Japanese imperialism, intimated in London Oct. 20 that his wife, who is of Japanese origin may have been kidnapped in Japan, as he had not heard from her for several months.

Two alleged leaders of a militant anti-religious association said to be closely connected with various Communist groups were placed under arrest at the Ueno police station in Tokyo Oct. 12. They are accused of circulating literature containing dangerous thoughts. They gave the names of Fumikichi Okada, chairman of the central committee of the association, a native of Tottori Prefecture, and Keiichiro Oshima, director of the society's investigation section.

A "God-Sent Troops" Conspirator

Attorney Tatsuo Amano, arrested two weeks ago at Harbin after a sudden flight from Tokyo, has in the meantime been lodged in prison in Japan. He has confessed that his was the directing mind behind the "God Sent Troops" conspiracy, which contemplated governmental revolution by the assassination of all Cabinet Ministers and the applying of the torch to Tokyo. A peremptory mandamus charges him with attempted murder and attempted incendiarism. He has been identified as the principal figure in the widespread and complicated cabal after more than 70 arrests had been made, and the police allege that frenzied stock market gambling running into millions of yen, formed the background of the terroristic plot.

In his opening address at the three-day session of the general meeting of the Alliance of Labor Unions in Kobe last week, Hisashi Aso made a speech in which he said that despite the weakness of proletarian parties, Japan's capitalism is steadily and rapidly on the way to decline. Such a symptom is well in evidence, he said, when the matter is taken into account in contrast with such phases as the reactionary fascist movement and the May 15 case.

362 Students of Tokyo University Seized in Six Weeks

Arrest of 362 students of the Tokyo Imperial University on charges of Communism since September 1 was announced Oct. 15 by authorities of the Motofuji Police Station, Honjo. It was charged that after the dismissal of Professor Yukitatsu Takikawa from the Kyoto Imperial University last summer in connection with suspected Communist propaganda, the students became active in the Communist cause out of sympathy for the professor.

Of over a hundred students of the Tokyo Imperial University who were arrested by the police some time ago for their radical leadership of the students' movement in connection with the Takigawa case, about forty are likely to be expelled from the university. They are alleged to have been under the direction of Communistic organs. The announcement of their expulsion is expected to be made early next month.

Saburo Ito, a clerk of the Simple Life Insurance Bureau of the Communications Department has been placed under examination by the Metropolitan police on a charge of connection with a Communist activity. His brother Kameki Ito is a former military cadet involved in the May 15 case and is now in jail. Saburo may find propaganda more dangerous than his brother found murder, the *Japan Chronicle* comments.

Japan Moves to Control Oil and Autos

Provisions for a law designed to reduce the importance of foreign oil refiners in the Japanese market have been approved by the Ministry of Commerce and Industry and are to be submitted to the coming session of the Diet, subject to approval of the Liquid Fuel National Policy Investigation Commission. This body includes authorities of the Ministries of the Army, Navy, Finance, Overseas and Foreign Affairs, in addition to the Ministry of Commerce and Industry. The basic policies outlined by the Ministry following consultations with the commission include provisions that oil imports shall be licensed; no concern which does not have a refinery in Japan Proper shall be allowed to import oil; state permits shall be required for erection or expansion of refineries; crude oil shall be imported free or under a very low tariff and high tariffs shall be imposed on refined oil. Of special significance is a provision that imports of Soviet, Rumanian and other crudes shall be encouraged, in order to obtain as much oil as possible from sources other than Great Britain and the United States. Companies which are given permission to import oil shall be under the obligation of keeping certain large supplies in storage for the benefit of the Army and the Navy in case of need.

Coincident with the move to control oil, the authorities of the Ministry of Commerce and Industry are studying plans to set up an independent automobile industry in Japan. This move is inspired by the War Ministry, which looks upon a domestic automobile industry as an important factor in national defense. The Ministry and the Army are said to be agreed as to the necessity of "controlling and rationalizing the automobile industry in Japan and Manchukuo as a single unit." The Japanese newspapers state that a definite policy is likely to be decided before the end of the year. Particular attention is to be paid to the Manchurian market. It is contemplated that Manchukuo shall establish a company with a capitalization of Yen 10,000,000 for reassembling supplies made by various Japanese automobile companies.

The Japan Oil Company, Okura Oil Company and the Mitsubishi Oil Company are stated to be contemplating amalgamating themselves into a single oil company.

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Soviet-Japanese Relations Grow Threatening Upon Disclosure of Alleged Official Notes

(By the Review's Tokyo Correspondent)

(Translations from various Japanese publications)

THE *Tokyo Asahi* says in its editorial of Oct. 15, "Japan has maintained more friendly relations with Russia than with any other power in the Far East, since the outbreak of the Manchurian incident. In striking contrast with the amicable relations, however, the latest development of the Soviet-Japanese relations is most lamentable." Perhaps this conception of the *Asahi* will serve as the formula to represent the sentiment of the Japanese in regard to the publication by Soviet Russia of the alleged forged official notes. By way of reference the scribe deems it his duty to give the outline of the disclosure case and cites below from the Tokyo *Nichi Nichi* passages which give the general outline of the affair: "All Moscow papers on the morning of October 9 devoted pages to the publication of a report supplied by the Foreign Office of the Soviet Government, stating in effect that Japan's intrigue to recover the North Manchuria Railway by force in the name of Manchukuo has been exposed to the whole world. The papers also published alleged official notes sent by General Takashi Hishikari, Japanese Amabassador at Chungchun to the Japanese Foreign Office, under the dates of September 4 and 9, and an alleged official note sent by Consul-General Morishima at Harbin to General Hishikari, dated September 19. The Moscow papers printed the reports under vehement captions and disclosed the contents of a conference said to have been held at Harbin between the Japanese and Manchukuo authorities concerning the recovery of the C.E.R., the measures decided on for the realization of the plan, and 'Japanese maneuvers in connection with the Soviet-Manchukuo conference' for the purchase of the C.E.R now going on in Tokyo. The Russian public is amazed at the strong attitude of the Soviet Government toward Tokyo and because of it, believes that the Soviet authorities have actually obtained the 'official notes.'"

Conditions Prior to the Incident

Before giving Japan's reactions on the disclosure case which was published in all the Japanese papers on October 10, the scribe considers it proper to give a bird's-eye-view of general development of Soviet-Japanese relations prior to the incident.

Tokyo Nichi-Nichi, Sept. 26.—(Special to the paper from Moscow)—"The Moscow papers this morning gave great prominence to a report alleging that Japan is going to take over the North Manchuria Railway by force and that the Soviet Government has lodged a strong protest with the Japanese Government.

"The report has created a great sensation in all circles, and rumors that the Soviet-Japanese relations are imperilled are current. Foreign residents in Moscow are hesitating to come in touch with Japanese residents, for fear of causing trouble."

Gaiko Jiho, Oct. 15.—"The Soviet Government sent notes to all countries interested on August 26 to the effect that all foreign vessels entering and clearing Vladivostok should be piloted by Russian officials. This speaks for Soviet apprehension lest her elaborate defense works should be brought to light. She is bent upon completing strong military defense facilities. It appears that the Moscow Government is more anxious to maintain peace in the Far East than to adjust her own domestic affairs, but in the event of Japan's finding herself internationally in a disadvantageous position after 1935, this latent defense measure will in all probability be converted into offensive one," (A similar view is expressed by the Oct. issue of the *Yomuri.*)

Osaka Mainichi, Sept. 30.—"Konstantin Yurenew, Soviet Ambassador in Tokyo called on Foreign Minister Hirota at the Foreign Office on September 28, and again lodged a protest against the arrest of four Russian officers of the North Manchurian Railway by Manchukuo authorities. (On the charge of irregular exercise of their authority four N.M.R. Soviet officials were indicted by the bureau chief Tsui Chi-ho and the incident was taken up by the Manchukuo Government, followed by inquiries into the case—*Gaiko Jiho*, Oct. 15). While the Foreign Minister turned down the protest, Ambassador Yurenew stated that the action of the Manchukuo authorities is calculated to gain advantages in the negotiations for the sale of the N.M.R. which are conducted in Tokyo, or as showing the intention of the Hsinking Government to forcibly seize the North Manchuria Railway."

Tokyo Nichi-Nichi Oct. 7.—"The Foreign Office has addressed through Ambassador Tamekichi Ota a strong protest to the Soviet Government against the compulsory piloting of foreign vessels entering or leaving Vladivostok. Against this, the Russian authorities insist that once a national ordinance has been issued to that effect, it is not possible to repeal it on account of foreign protest. According to the testimony of officers of the *Amakusa Maru*, when the vessel approched the port on September 1, Soviet naval officers came on board and took charge of the wheel house. On the occasion of leaving the port, the Soviet officers again boarded the ship, put seals on cameras, field glasses, pistols etc. It is understood that hereafter similar measures will be enforced upon every Japanese ship calling at Vladivostok. The purpose of the foregoing stringent measure is to prevent spying in the neighborhood of the harbor, it is announced."

Three months have already elapsed since the commencement of the Soviet-Manchukuo N. M. R. negotiations but there is no sign of hope for successful termination.

Sensation After the Incident

It was the *Tokyo Asahi* alone that published an editorial comment worthy of the name, following the disclosure by Moscow papers of the alleged official notes, although all the Japanese papers flavored social and diplomatic functions with the comments on the incident and started a nation-wide sensation.

Tokyo Asahi, Oct. 10, (Editorial).—"In striking contrast with the reassuring development of the Sino-Japanese situations, the latest Soviet-Japanese relations are quite lamentable. Especially so because Soviet Russia continued to show a friendly attitude toward Japan since the outbreak of the Manchurian incident. The Soviet offer to dispose of the Chinese Eastern Railway was regarded here even as a positive proof of the profound esteem in which the Soviet Union wanted to hold the friendly intercourse, with Manchukuo and this country. Soviet authorities setting much value upon the Chinese Eastern Railway, notwithstanding the completely changed condition in the Far East consequent on the creation of Manchukuo, made the negotiations very difficult to conclude. And yet it is true that the difficulty cannot be such as to defy the efforts for its settlement, provided Soviet Russia is sincere in her desire for the disposal of the railway. It is doubly regrettable, therefore, that in spite of this reassuring possibility the Soviet authorities, misled by a mere collateral issue of the N.M,R. problem, resorted to a most devilish campaign of exposure of the so-called official notes. In some sections critics observe that the Soviet Government wants to intimidate Japan into concession in regard to the N M.R. negotiations, encouraged by their sense of security on their western frontiers because of the non-aggression pacts now in force there. If the Soviet Union be acting under such a false impression and for such an improper objective, trying to deal with Manchukuo and Japan as it did with the Chang Hsueh-liang Government, both Manchukuo and Japan might find it inevitable to prepare themselves for the worst. Before Soviet Russia goes too far skating on the thin ice, however, it is our sincerest hope that they pause and reconsider the oft-declared Japanese policy—policy on non-intention either to usurp the N. M. R. or to fight any unchallenged war with

Russia. A most deplorable irony of fate is that this grievous state of affairs should occur at this moment when Mr. Hirota, upon whom the nation depends for perfect solution of all the pending Soviet-Japanese questions, started his function as Foreign Minister. For the sake of mutual welfare and interest, let it be hoped that the present unfortunate development of the Soviet-Japanese situation may be made good promptly through the wise reconsideration of the Soviet authorities and by the conscious efforts of the competent Foreign Minister of Japan."

As to the *Tokyo Nichi Nichi* and the *Osaka Mainichi* the issue in question is woven into editorial comments (October 5) on the five Ministers' conference, which says in part, "Japan's policy toward America will be, as it has been, one of amity. Should we succeed in impressing America with this national policy through diplomacy, the forthcoming naval conference will naturally present a different aspect. If we achieve a perfect understanding and agreement with America at the next conference, the maneuvering by Soviet Russia in the Far East will not be worth considering. The Moscow Government recently heralded the powerful nature of its military forces, but kept silent on the extreme shortage of commodities and consequent sufferings of the masses. We shall be prepared according to the military strength of Russia in the Far East, of course, but whether Russia is really militaristic or not should be decided by surveying the general conditions throughout the country. The possibility of our reaching an accord with Moscow should also be considered. The masses as a rule desire peace and realize the danger of founding the State upon a military scheme alone. It is incontestable that America will flatly refuse our proposal or that Russia will try to carry out nefarious designs by taking advantage of the strained relations between Japan and America; our people will resolutely arise to the occasion without the least hesitation. The question is whether our relations with America and Russia are so strained as that, or, assuming that they are, whether there is no room for diplomatic negotiations."

Yomiuri, Oct. 10—"On October 9 the Moscow Government published the so-called secret notes concerning alleged Japan's plot of forcibly occupying the N. M. R. On Sept. 28, when Ambassador Yurenev called on Mr. Hirota and made a protest in connection with the arrest by Manchukuo authorities of four Soviet N. M. R. officials at Harbin, the Russian Ambassador intimated to Mr. Hirota that he was prepared to disclose in public the official notes of the military authorities of Manchukuo and Japan. Against this the Foreign Minister clearly explained to him that the Japanese Government was not in the least related to the affair. As such being the case, the sudden disclosure of the notes was not a surprise to the Japanese Government authorities, it is observed. It is generally considered that the unfriendly attitude taken by the Soviet side aimed to turn in its favor the tide of the N. M. R. negotiations now going on at Tokyo. In view of the importance of the affair Mr. Hirota is going to take up the matter with the Moscow Goverment through Tamekichi Ota, Japan's Ambassador to Moscow."

As regards the latest attitude of Foreign Minister Hirota toward the N. M. R. negotiations the Oct. 12 issue of the *Tokyo Nichi Nichi* states, "It is learned that Foreign Minister Hirota will instruct Ambassador Ota to ask the Moscow Government to take steps to see that the *Tass Agency*, which supplied the forged Japanese official notes to the Moscow press, issues a denial that the notes are genuine. Besides, the Foreign Minister's decision is that until he sees the perfect solution of the case he will cease using his good-office which he has taken toward the solution of the N. M. R. negotiations, if the Moscow Government fail to show sincerity towards the protest Japan is going to make."

With regard to the *Tass Agency's* supplying the material, the *Tokyo Asahi* says in its Oct. 12 issue as follows, "The Chief of the Intelligence Bureau of the Foreign Office, Mr. Amaha summoned the Tokyo correspondent of the *Tass Agency* and made an investigation into the affair. And it was so decided that, if his action is in violation of the pubulication law, he shall be brought to book under the provisions of the State law. The correspondent told the press on Oct. 11, 'It cannot be helped, for there is an evidence that the notes were disclosed by the home Government. Japanese news agencies having correspondents in Moscow sent special despatches, did't they? I only have done my duty as a correspondent of the Agency!"

Soviet's War-like Preparations Along Manchukuo Border

With reference to the war-like preparations by Soviet Russia in the district bordering Manchukuo, that is, from Vladivostok to the Chita region, sensational news were often published in dailies of Osaka and Tokyo. Of all these the most sensational was perhaps the one that appeared in most leading Tokyo and Osaka papers on October 12, reporting that 350 Soviet planes perfectly bottled up Manchukuo, making demonstrative flights as if ready to turn the whole Manchukuo into ashes at a moment's notice. Among others the news declares that besides the 350 machines 150 gathered in the neighborhood of Moscow were also prepared to make a start on their aerial expedition to the Far Eastern front in case of War.

Tokyo Nichi Nichi, Sept. 29—"Soviet Russia's land, air, and water forces in the Far East are ascertained to be much more formidable than outsiders had an idea they were, according to information from a reliable source, This is said to be the first authentic report on Russian armament in eastern Siberia since Manchukuo was established. The report says there are nine infantry divisions, one cavalry division and a cavalry brigade in the territory. Four of the infantry divisions and a cavalry brigade are stationed at Nikolsk and Vladivostok; three infantry divisions are stationed at Habarovsk and Blagoveshchensk: two infantry divisions and a cavalry brigade are stationed in the Trans-Baikal region. There are some 300 tanks stationed in the Maritime Provinces, Blagoveshchensk and Dauria. Most formidable of all the Soviet armaments is its air corps, consisting of more than 300 planes, of which 30 are heavy bombers, having a sufficient cruising radius to raid all of Japan, save Taiwan. There are six submarines now in service in and around Vladivostok. They were transported across Siberia by rail knocked down, and were reassembled at their destination. The Soviet Government is building six more submarines for Far Eastern service. All of these undersea crafts are 500 tonners. These armaments are far more formidable than what Russia has ever had in the Far East before, and they are regarded as a great menace to Manchukuo, which was founded less then two years ago. Although the Soviet Government is supposed to maintain these forces in the Far East for internal political considerations, no one is sure that Russia will not assume the offensive the minute she sees Japan is in an unfavorable position in 1935. The Kuantung garrison in Manchuria has barely enough forces to maintain peace and order in that country. The recent recall of the 6th Division by the War Office proves that Japan's sole purpose is to maintain peace and order in Manchukuo. At all events, what Russia proposes to do with her Far Eastern armaments needs keen watching on many sides."

Shantung Pays Homage to Assassinated Revolutionary

The remains of the late Wang Lo-ping, a member of the Left Wing of the Kuomintang, who was assassinated in the Shanghai French Concession in 1930, arrived at Tsinan by special train in the afternoon Oct. 18. The casket was met at the station by a large gathering of Chinese officials and delegates of various public organizations, including a representative of General Han Fu-chu, the Chairman of the Shantung Provincial Government. Marshal Feng Yu-hsiang sent his secretary to offer sacrifices before the coffin on his behalf. Mr. Wang was a native of Shantung and a well-known revolutionist.

Tinghsien People Make War on Cigarette Habit

For the first time in China the people of a whole district have sworn not to smoke any more cigarettes, according to information received by the Ministry of Finance. The district is Tinghsien in Hopei, which is known as the best experimental place for the mass education movement. The majority of the people in that district have signed a pledge not to smoke any more cigarettes, Chinese or foreign, and have even gone so far as to demand the immediate closing down of the Tobacco Tax Bureau in that district.

Alcohol Factory to Be Established With Government Participation

A contract has been signed at Nanking for an industrial alcohol factory with joint Government and private capital. It was concluded by Chen Kung-po, Minister of Industry, with Huang Kiang-chuan, an overseas merchant of the South-sea Islands, with a capital of a million dollars, to be provided by Mr. Huang. The Government will be allotted ten percent of the capital. It is estimated that the annual output of the factory will be about 1,400,000 gallons.

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U. S. Recognition of Soviets Draws Nearer

A DEFINITE move towards recognition of the Soviet Union by the Government of the United States was made by President Roosevelt in a letter addressed to Michael Kalinin, chairman of the Soviet Central Executive Committee, on October 10. The heads of the two governments agree on the necessity of seeking a common understanding between the U.S.A. and the U.S.S.R. regarding questions which have kept them apart diplomatically since November 7, 1917. Maxim Litvinoff, Commissar for Foreign Affairs and Soviet Russia's outstanding diplomat, will represent the Soviets in the discussions which are to commence in Washington next week. He sailed from Havre for New York Oct. 26.

Upon arriving in Washington, M. Litvinoff is expected to add Boris Skvirsky, unofficial Soviet representative in Washington, and Peter Bogdanov, head of Amtorg, the Russian trading organization, to his staff. These representatives have had extensive conversations with officials of the U.S Reconstruction Finance Corporation and have also watched closely the recent trend in popular opinion regarding Russia.

Leaders in the U S. Senate have expressed the opinion that there is little doubt that whatever agreement President Roosevelt may reach will be ratified. The American Legion is the only large American organization that has so far voiced open opposition to the possible recognition of Soviet Russia by the United States.

A *Tass* communique published in Moscow, Oct. 20, reproduced the text of messages exchanged between President Roosevelt, and M. Kalinin, extracts from which follow.

President Roosevelt among other things said: "The participation in such a discussion naturally does not bind either side, regarding the future direction of actions, but would show a sincere desire to arrive at a satisfactory settlement of corresponding problems."

In the course of his reply M. Kalinin said:—"There is no doubt that difficulties, if such exist or arise between two peoples, can be settled only in case of existence of direct intercourse between them, and, on the other hand they have no chance of being settled in the absence of such intercourse."

A *Moscow* message indicated that a mixed claims commission would be established to settle the question of Russo-American debts—which is interpreted as indicating that Russia may be willing to make some compromise on the question of American claims, which have been the outstanding obstacle between the resumption of relations between the two countries since the inauguration of the Soviet regime.

A recent Washington telegram said the United States Government does not intend to undertake directly the settlement of private debts owed to American citizens by foreign countries or foreign concerns, but nevertheless the old Tzarist debts to the Singer Sewing Machine Co. and the New York Life Insurance Co. are mentioned in connection with the negotiations with the Soviets looking towards recognition.

The U S. steel industry looks forward to substantial orders from Russia, particularly for rails, as soon as the recognition of the Soviets becomes an accomplished fact. Stocks rallied as a result of the recognition move. Other countries, particularly England and Germany, are fearful that the U. S.-Soviet rapprochement may have a serious effect on their Russian trade.

The move is, of course, watched with the greatest interest in Japan, not from the commercial but from the political point of view. Japanese spokesmen brand without foundation the widespread belief that Japan disliked the prospect of American recognition of Soviet Russia; one spokesman professed disbelief that it had any connection with the present ominous Russo-Japanese war clouds. None the less it is a coincidence that just at this time a Foreign Office statement from Tokyo enunciated that Japan's principal aim is to preserve peace in the Far East.

Soviets Strengthen Defenses in Far East

The Soviet Union has begun strengthening its defenses in the Far East following the serious developments recently in the dispute with Japan over the Chinese Eastern Railway. Russia's man-power is now being concentrated in Siberia, while her aerial forces also are being gradually shifted to the eastward. Large stocks of supplies also are being concentrated in that area. The fortress at Vladivostock, which has long been neglected, has now been repaired and completely restored under the direction of German military experts.

The urban population of Soviet Russia increased by 7,500,000 men and women within the last five years.

Cautious Comment by T. V. Soong

T. V. Soong, Chinese Finance Minister, in an interview Oct. 23 said the report of proposed American recognition of the Soviet Government did not come as a surprise as during his recent tour of America he had heard of this and a report was made by him to the Central Government after his return to China. Although relations between Japan and Russia had been strained recently, whether there would be a war between them would entirely depend upon future developments in world politics, Mr. Soong said.

The Soviets, of course, are jubiliant. In this connection the *Chen Pao* comments as follows:—"While Japan aims at enforcing her Continental Policy in the Far East by pretending to maintain an attitude of opposition against the U.S.S.R. so as to secure international approval, Soviet Russia is looking towards the further aggravation of Japanese-American tension, in order that the force of world Imperialist Opposition against the Communist regime might thereby be reduced. If American recognition of Soviet Russia materializes, therefore, Russia's policy will have been crowned with success."

Newspaper Censorship Procedure to Be Revised

At a press reception at Nanking Oct. 21, Shao Yuan-chung, Chairman of the Publicity Committee of Central Party Headquarters, reported on the revised regulations governing newspaper censorship. He said that the Press Censorship Bureau at Nanking has been reorganized, and requested that a delegate be appointed by each local newspaper to participate in the work of the Bureau.

Marshal Feng to Get New Government Position?

At the suggestion of General Han Fu-chu, Chairman of the Shantung Provincial Government, Generals Ho Ying-ching and Huang Fu will shortly make a joint recommendation to the Government urging that a suitable post and an appropriation of $10,000 a month be given to Marshal Feng Yu hsiang, who is now living in retirement on Taishan. Suggested posts for Marshal Feng: National water conservancy commissioner; national afforestation and reclamation commissioner, or inspector-general of the military forces.

Ministry of Industry Takes Firm Stand on Factory Control

The *Shun Pao* says the Ministry of Industry is making a last effort to settle the question of factory control in the International Settlement in Shanghai by sending Pao Hua-kuo to Shanghai to take up the matter jointly with O. K. Yui and the Shanghai Municipal Council. It is stated that the Ministry will enforce the regulations governing factory control in Shanghai in case an agreement cannot be reached with the Settlement authorities.

Ex-Centrosojus Employee Turns Tables on Former Employers

As a sequel to a charge of embezzlement brought against V. A. Morrison by the Centrosojus office in Shanghai several months ago, which was dismissed by the Chinese District Court, Mr. Markhoff, head of the Shanghai office of the Centrosojus, and five other employees of the company, Yakimengo, Moiseeva, Babich, Krasovsky and Bikova, have been charged in the same court with false accusation, illegal detention and robbery by Mr. Morrison. The charges against Markhoff *et al* were dismissed, Oct. 25.

Ominous Maneuvers in Southwestern China

BY WILBUR BURTON

SEVERAL developments that superficially do not appear to have an especial relation to each other, but which are probably very closely connected, have taken place recently in southwestern China.

Chief among them are:

The Tibetans have extended their invasion of Chinese territory into northwestern Yunnan, capturing and holding Chungtien.

A short time ago, according to heretofore unpublished information I have just received through contacts established in Yunnan during my recent investigation there—who (for obvious reasons) must remain nameless here—two Kwangsi delegates visited that province to seek an anti-Nanking alliance with Governor Lung Yun. The proposed alliance would have embraced Kwangtung, Kwangsi, Kweichow and Yunnan. Governor Lung refused to join the anti-Nanking bloc, but pledged neutrality as between the other southwestern provinces and Nanking.

Almost simultaneously, according to information I obtained in Canton when there about two weeks ago, a report was making the rounds in official circles that Nanking and Yunnan had completed a deal whereby the opium route from Yunnan to Kwangtung would be shifted entirely away from Kwangsi and thereby deprive that province of approximately one-fourth of its present budgeted revenue.

Also almost simultaneously, the Yunnan provincial Government petitioned the Nanking Government for Shanghai $12,000,000 of the American cotton and wheat loan for reclamation work near the Yunnan frontier and the opening of mines, or, if the money is not forthcoming, permission is asked to negotiate a *foreign loan.*

It would require a seer to explain exactly the meaning of all these maneuvers, but only a few facts need to be reviewed to indicate their ominous significance.

Tibetan Invasion Is British Inspired

First must be borne in mind what I recently outlined at considerable length in these columns, namely, that the French have a strangle-hold on Yunnan province and whether or not they contemplate eventual annexation, there can be no doubt that they regard the area as definitely and permanently within the political and economic orbit of the Quay d'Orsay. Likewise, there can be no doubt that the Tibetan invasion of China, which is largely confined to Sikong and Szechwan, is inspired by the British.

Does the extension of the Tibetan invasion into Yunnan mean, therefore, that the British are poaching on French territory? The most probable answer is, contrary to casual observation, in the negative. Reference to a map will show that a small part of what is now Yunnan is north of the Yangtsze River. For the most part the river separates Szechwan and Yunnan, but in two large bights it takes in slices of the latter. In one sharp bight is included Chungtien. Directly west of this point is the present border of Burma, which the British long ago annexed. Northwest of Chungtien is the present Yunnan-Tibet border, the pass in which—Yerkelo—has long since been closed, as I pointed out in my series on the Yunnan situation.

Of course, as I indicated in my series on Yunnan, the British claim special interests on the basis of territorial propinquity in that part of Yunnan bordering on Burma,—an area extending roughly from the Burma boundary to the Mekong River which farther south divides Burma from Tonkin, Indo-China, for a short distance between Yunnan and Siam. The Mekong, incidentally, reaches the sea at Saigon and is navigable for a tremendous distance, thus being of vast strategic importance in the French scheme of things.

Now the French interests in Yunnan are all concentrated south of the Yangtsze and east of the Mekong, which includes the bulk of the province and is effectively dominated by the French railway which runs from Yunnanfu to Hanoi, the capital of Indo-China, and thence to Haiphong on the Gulf of Tonkin. It is only logical, therefore, to assume that they are not worried by the British consolidating their extending grip on western Szechwan by securing themselves on the north bank of the upper reaches of the Yangtsze which is technically Yunnan through some Celestial geographer's whim in bygone centuries, for the Chungtien area is of strategic importance in the Tibetan thrust that is probably destined to reach to Tatsienlu on the Yalung River which flows into the Yangtsze on the Yunnan boundary. And if the Tibetans continue much farther toward the Tatsienlu they will probably also grab another slice of what is now in Yunnan in the bight of the Yangtsze where it flows almost directly west from its junction with the Yalung and then turns sharply north until it touches the present Szechwan border, after which it flows south and then north again to embrace the Chungtien area. Nor would the French probably object to the British entering the area between the present Burma boundary and the Mekong,—but it is not likely the British will venture there for the present since that would be direct aggression because the Burmese are outright British while the Tibetans are conveniently puppets whose acts can be diplomatically disavowed by Downing Street.

But the fact that the Albion's Tibetan puppets (in this case the Hsiang Chengs and Tonwas, according to a direct report to me) have descended into Yunnan and established a base in Chungtien may very well be regarded as proof of Franco-British understanding on a partition of western and southwestern China. And a British move in the area is doubtless the forerunner of a French move—not necessarily with armies, puppet or otherwise, but in some fashion for an equitable division of what the Japanese have left of Cathay. And, as I pointed out in my series on Yunnan, the new aggression may not be chiefly territorial, but through various kinds of concessions which allow the continuation of nominal Chinese sovereignty. Specifically, I showed by a direct statement of M. Baudez, French Consul in Yunnanfu, that France regarded her strangle-hold on Yunnan as a means of keeping the province outwardly loyal to Nanking on a *quid pro quo* basis.

Opium in the Politics of Yunnan

Wherefore, the fact that General Lung Yun turned down the Kwangsi delegates on their anti-Nanking proposal—but pledged neutrality—is of considerable importance. What next? The alleged plan to divert Yunnan's opium away from Kwangsi, with the resulting loss of some Shanghai $9,000,000 a year to that province, comes into the picture at this point. As the story was recounted to me in Canton from a source of the utmost reliability, the reason for the purported shift in the route was to punish Kwangsi for its continued opposition to Nanking. What other route was contemplated, I could not learn, but presumably it would be either through Kweichow and Hunan or Szechwan and Hunan, unless the French are contemplating allowing transit through Tonkin. If the story is to be taken at its face value, Kweichow would have to come to terms if it were to be the beneficiary; there is no doubt of Hunan's loyalty to Nanking. Any route outside of Kwangsi (except through Tonkin where the French railway runs) would be much more expensive, but opium can stand a lot of transit with taxes and all.

In keeping with Oriental tradition, the story may have a meaning far different from its face value—but the fact that it is circulating in official circles definitely reveals that something important is stirring in the southwestern air. Perhaps it is only a French deal in Kwangsi. The French also regard that province as a part of their sphere of influence, and they may be circulating the threat to scare the authorities there for purposes that remain to be seen. Or perhaps the story has to do with something not yet apparent in Canton,—for if Kwangsi lost one fourth of her budgeted revenue something would have to be done to make up the deficit, and that something might very well not be in the interests of Kwangtung.

Kwangsi, as I have mentioned before in these columns, is a poor province and her militarists are always casting longing eyes on relatively fat Kwangtung, which is not only her wealthiest neighbor, but the only one she could ever hope to invade with impunity. Yunnan would be difficult to penetrate because of the terrain: Kweichow is even poorer than Kwangsi; and Hunan is part of Nanking's pastures.

Kwangsi Poor, But Not Impotent

While poor, Kwangsi is far from impotent. Her people are little addicted to opium and her government rules with Spartan skill and virtue, even as was described in these columns a short time ago in an article reprinted

SOUTHWESTERN SCENE MARKED BY MANY IMPERIALISTIC MANEUVERS

The above map shows the broad scene of a significant struggle directly involving France, Great Britain, and China, but which also affects the United States and Japan. Yunnan, or at least the greater part of it, has already been made virtually a part of French Indo-China, but the French have shown no objection to the capture of Chungtien by Tibetan puppets of Great Britain. The map also shows Tachienlu (or Tatsienlu) which is the probable objective of the British in the constant Tibetan invasion into Szechwan. Likewise the map shows the entire French sphere of influence in south and southwestern China, including the French railway from Haiphong to Yunnanfu and the recently annexed Coral Islands. Aside from Tibet, England is involved in Kwangtung, through the position of Hongkong, which will inevitably feel the repercussion of events in Yunnan and Kwangsi. American interests are also important in Kwangtung, and the Sino-American China National Aviation Corporation is developing an air route from Shanghai to Canton, which is probably intended to extend eventually to the Philippine Islands, across Fukien where Japan claims special rights and which is opposite the Japanese Island of Formosa (Taiwan).

from the *People's Tribune* although that account was somewhat idealized. But in freedom from the prevailing Celestial vices of opium addiction and gambling, Kwangsi is truly outstanding in Cathay and her armies today, as in the past, are capable of fighting valiantly for either luscious loot or in defense of their present modest domain. So a threat to deprive them of their opium transit revenue, which has long been a vested interest of the province, is not to be viewed lightly. Kwangsi, incidentally, is the only province in China excepting Yunnan in which the Japanese are not attempting to regain their former foothold although no one takes much interest in poor Kweichow, but whether this fact has any connection with French interests can only be surmised.

In any event, there can be doubt in view of the domination of Yunnan by the French that they are back of the story of the opium route diversion, and whatever it means it seems altogether probable that there is some very close relation between this item and the last maneuver set forth at the beginning of our discussion,—the petition of Yunnan to Nanking for a share of the American loan or, alternatively, permission to negotiate a *foreign loan*. Who would be honored by the prospective foreign loan has not been stated, but under prevailing

conditions only one country could be expected to invest money in Yunnan—*and that country is France.*

Canton has already asked for somewhat more of the wheat loan than there is wheat loan, and the requests of various other parts of the land also more than exhaust the loan, so unless Yunnan is awfully lucky she is rather late in seeking a share. And obviously, in view of the facts presented in my series on the province, any money invested there would be more for French than Chinese benefit—and any money France invested there would merely tend to tighten her present strangle-hold on the area. Consequently the conclusion is inescapable that Yunnan's petition to Nanking echoes a strident Gallic chant to the effect that "heads I win, tails you lose." And the loan part of the petition can only be viewed as the handiwork of Paris rather than of Yunnanfu.

While France and Great Britain are the only foreign nations directly involved in the far southwest, maneuvers there will inevitably have repercussions elsewhere. Any drastic changes would immediately affect the Canton area, including Fukien, and thus react not only on British interests in that region, but also on American and Japanese interests. The exact course of the reactions cannot be charted, but I pointed out in these columns last week that a very delicate balance of power exists between the Kwangsi Clique, the Canton regime and the 19th Route Army in Fukien with the Kwangsi and Fukien warlords casting envious eyes on the City of Rams. But far more important than provincial rivalry, although related to it, is the international rivalry prevailing in and around Canton.

France and Japan in Accord

A few notes on this are in order here, for while France and Britain may have, and probably do have, a perfect understanding on Tibet, Szechwan and Yunnan; France and Japan are very likely in accord on Yunnan and Kwangsi and perhaps on Kwangtung; and Great Britain and Japan may be in harmony insofar as Tibet and Manchuria are concerned: this imperialistic amity definitely does not include British, Japanese and American interests in Kwangtung and Fukien which are bound up with southwestern developments.

Due to the position of Hongkong, the Canton area is a British sphere of influence, but at the same time an important American trading area. Japan, as I cited last week, is waiting patiently to effect a rapprochement with Canton—and there are several signs that such a rapprochement may not be far off. The British meanwhile are expediting completion of the Canton-Hankow railway through a Shanghai $60,000,000 loan to the Nanking Ministry of Railways from the British Boxer Indemnity Fund. Construction will require five or six years, and when it is completed it will provide a quick, efficient overland route from Kowloon, the mainland part of the Brtish colony of Hongkong, to Hankow in the heart of the Yangtsze Valley where British interests are immense from Shanghai to Szechwan. Thus Britain would be independent of the present sea route from Hongkong to the Yangtsze Valley should the need arise.

Japan already has a firm grip on Fukien through one of the treaties growing out of the 21 Demands whereby China is pledged not to grant any concessions in that province to any non-Japanese foreign interests. Further, the Fukien coast is separated by only a narrow channel from the Japanese island of Formosa and Japanese agents have been active for years in Foochow and Amoy. In the latter city there is a powerful group of gangster-like Formosans who are said to be directed by the Japanese Consulate; in a recent brief visit to Amoy I was able to note that they were much in evidence and I had previously been informed by M. Yoshida, the retiring Japanese Consul-General in Canton that very friendly relations existed between the Chinese and Formosans there.

At the same time the 19th Route Army, which is in command of most of Fukien, is generally regarded as pro-American. Certainly many American returned students and American born Chinese now occupy high positions in the Fukien Provincial Government. Further, the Japanese charge that the American authorities are conducting negotiations to establish an air and/or naval base on Tungshan Island off the Fukien coast in return for airplanes and arms to the 19th Route Army. This, however, is vigorously denied by American officials, but the mere fact that the story is circulating indicates the growing tension. And it is quite definite that the Sino-American China National Aviation Corporation—45% of which is owned by the Pan-American Airways and 55% by the Nanking Government—is opening an air route across Fukien to Canton, which will probably be eventually extended to Manila, over Japanese opposition. Also, the China National Aviation Corporation is contemplating opening a route from the Yangtsze Valley to Yunnanfu, which to at least some slight extent would adversely affect the present French strangle-hold on Yunnan province. No intimation has yet been given of the French attitude to this project. If France opposes, as would seem likely, she would thus have another cause in common with Japan since there is no Franco-Nippon rivalry in Fukien.

In any event, when a Tibetan invasion of northwestern Yunnan, refusal of Yunnan to join Kwangsi against Nanking, talk of a shift in the Yunnan-Kwangtung opium route away from Kwangsi, and a petition of Yunnan to Nanking for money or permission to negotiate a *foreign loan*, all occur almost simultaneously, the southwestern situation bears careful watching.

Shanghai, Oct. 23, 1933.

Council Committee Provisionally Refuses Increase of Telephone Rates

The Public Utilities Committee of the Municipal Council on October 13 considered the application of the Shanghai Telephone Company for an increase of tariff. After discussion, the Committee recorded that "members, incline to the view that the proposals of the Shanghai Telephone Company should not be sanctioned in their present form. However, as the French Council is likewise interested in the financial questions involved, it is decided to defer consideration of the matter to a later date."

The Telephone Company has issued a 44-page brochure in support of its application to increase rates. The Telephone Company offers numerous reasons in its application and cites various tables and compilations of figures to further its claim.

The Company points out that when it commenced operations on August 5, 1930, it began the difficult task of converting the whole of Shanghai to automatic working within two years; and heavy penalties were to be imposed in the event of failure. It is intimated that the necessary capital for the undertaking could not have been raised in Shanghai at that time; further, the amount that eventually would be required was problematical and the time necessary to make estimates and seek capital (even if capital were available) was absolutely prohibitive to the successful conclusion of the undertaking within the time. What actually happened was that, after International Telephone and Telegraph Corporation had subscribed Tls 3 998 350 in Capital Stock, arrangements were made for further financing at the rate of six percent per annum. The advantage that the Telephone Company argues from this was that orders were placed immediately and capital was raised from day to day as goods were delivered thus preventing the necessity of raising large sums and having money lying idle. Since the borrowings were be be used in the main to purchase materials and services invoiced in U S. dollars, the loan was contracted in U.S. Dollars. The result was that the percentage of money invested in the business represented by a U S. dollar liability gradually increased. The balance of the U. S dollar liability at May 31.1933 was U.S. $3,255.083 which was represented in the books at Tls. 9.892,891 at a rate of 32.901. Since current rates are now considerably higher than the book rate the Company points out that it could, were it now in a position to raise further silver capital, discharge the above amount, which is practically the balance of its U.S. dollar liability, at a profit.

San Francisco Banker and Hearst Counsel Become Directors of N. C. B.

Amadeo Peter Giannini, well known California banker and John Francis Neylan, San Francisco newspaperman and general counsel for Hearst's newspapers, have been elected directors of National City Bank of New York. They take places on the directorate which were vacated recently through the resignations of Charles Edward Mitchell and Percy Avery Rockefeller. The two Californians are now the largest stockholders in National City Bank, controlling 600,000 shares which belong to Transamerica Corporation, of which Giannini is chairman. He is also the owner of the Bank of America which has 411 branches in California. Giannini recently declared himself in favor of Government guarantee of bank deposits, which many other bankers have bitterly opposed.

The Mongolian Autonomous Movement

(From the Review's Correspondent at Nanking)

ONE of the most interesting and important events of recent date is the reported autonomous movement in Inner Mongolia. According to the latest Chinese telegraphic advices from Kweihua, the capital of Suiyuan, a section of Mongolian princes, headed by Prince Teh Wang, is inaugurating a self-government movement in Inner Mongolia. Prince Teh Wang is deputy leader of Silinol League, and is the moving spirit of the movemnt. He is described as a very ambitious man who always considers himself as the modern Gengis Khan of Mongolia. In his circular telegram, he is said to have demanded a large measure of autonomy for Inner Mongolia. He arranged to hold a meeting on the Chinese Mid-Autumn Festival, but is said to have failed in his attempt; then the meeting was postponed to October 9, when he presided and opened the proceedings with speeches in which he stressed the need of self-government. But his attempt also fizzled out, owing to lack of support from other princes.

According to the Chinese report, Prince Teh Wang has been in secret contact with Changcun (Capital of the Manchukuo) and is trying to declare the independence of Inner Mongolia from China as the first move towards a fusion with the new state in Manchuria. Such movement naturally gives rise to many other rumors, such as an actual declaration of independence by the Inner Mongolia under the leadership of Prince Teh Wang, and the movement of 100,000 trained Mongolian troops, etc.

Causes of the Movement

The most competent authorities on Mongolian affairs give us some reasons for the movement, and we may state some of them as below. There is one Mongolian Office in Nanking which is a body of representatives from the different Leagues in Mongolia, to act as "liason officers" between the Mongolian people and the Central Government. For certain reasons the Mongolian princes are said to have declared that these representatives could hardly be called their representatives, as they were not elected by them, and that they represent no League. That is, these representatives supposed to be the "liason officers" are not liason officers in fact. With the exception of an occasional despatch of commissioners to Mongolia, it appears that the Central Government does not pay much attention to Mongolian affairs, and sends no representative to reside in Mongolia to take charge of frontier affairs.

Another reason for the movement is that the Mongolian princes are mostly of a luxurious type of people. During the Manchu regime, these people, claiming themselves to be a royal race, enjoyed a very easy life. But now they are being deprived of all privileges. Hatred naturally arises, and this leads to the suggestion of some extraneous movement.

There are some Mongolians who are graduates from the famous Whampao Military Academy (now known as Central Military Academy) and the Japanese military schools. The Central Government is said to have given them no employment. When they meet an ambitious young man like Prince Teh Wang, they all regard him as their leader, and are ready to listen to his words. It is also reported that the disagreement between Prince Teh Wang and certain representatives of the League in Nanking is another cause inducing the Prince to start the autonomous movement.

Prince Teh Wang's Activities

Prince Teh Wang is a promising youth of 30 years of age, and is the only Mongolian who has a good knowledge of the Chinese. He is said to have taken vigorous steps in training Mongolian cavalry divisions. Once, he petitioned the Central Government to establish a Branch Military Academy in Pan-Kiang (滂江) to enroll young Mongolians. The Central Government is said to have agreed to his proposal, and eventually some military instructors were sent to Mongolia—who on reaching Kalgan had to return to Nanking owing to warfare there.

It is stated that Han Feng Lin (韓鳳林), a returned student from Japan is now in charge of Mongolian foreign affairs, and Yuan Ching-Sen (永靜生), a graduate of the Central Military Academy, is in charge of the training of troops.

The views of the Mongolian people regarding the autonomous conference are quite divergent. The young princes who are affiliated with Prince Teh Wang are in hearty support of the movement, but there is another party, known as the Young Men Party, which is divided into two divisions. One division agrees that they would support the movement provided that there is no foreign interest behind it. Another division, not so familiar with the situation, is unwilling to take a hand in the movement.

Certain Tibetans who recently arrived in Nanking after accompanying the Panchen Lama in his travels in Mongolia for four months, state that reports that Prince Teh Wang had gone to Chungchun, and held a conference with Henry Pu Yi are untrue. Questioned whether there was serious situation is in existence, Tibetan spokesman answered in the negative, pointing out that the Mongolian princes are anxiously waiting the coming of the commissioners from Nanking to give them advice. Another spokesman, said that the autonomous movement in Mongolia does not mean a secession from the Central Government.

Questioned what is the attitude of the Mongolian people, including Prince Teh Wang, regarding the Japanese invasion of Manchuria, the Tibetan people, who followed the Panchen Lama on his travels throughout Mongolia said that "not a single Mongolian person (prince) is willing to have any contact with the Japanese, for two reasons: First: the Mongolians know well that Henry Pu Yi is now powerless, and is only a puppet head, and that all powers are in the hands of the Japanese; secondly, the Mongolian peoples know well that the Japanese are sure to do great harm to them, so they refrain as much as they can from having any contact with the Japanese.

Suggested Solutions

In my opinion the Central Government is not altogether to be exonerated from blame in the present Mongolian situation. The Mongolian-Tibetan Affairs Commission which has been in existence for many years has apparently done no work in improving the relationship between the Central Government and the Mongolian people, and has taken no steps towards doing something for the Mongolian people., secondly, one is disappointed to hear that not only is there not much contact between the Central Government and Mongolian people, but there is also not much contact between the provincial governments of Charhar and Suiyuan and the Mongolian princes.

It is reported that General Chun Chen, chairman of Charhar province, is said to have decided to despatch troops to Pailingmao where a conference is said to have been held recently to suppress the Mongolians if they hold another meeting. In my opinion the Central Government should do whatever it could to avoid the employment of arms to settle the situation.

I make the suggestion that a "Mongolian Frontier Affairs Committee (蒙邊委員會)," or the "Inner Mongolian Political Council" 內蒙政務委員會 (same in nature as the Peiping Political Council), consisting of the Mongolian princes and officials from the Central Government be formed to take charge of Mongolian affairs, and that an influential Mongolian prince be appointed as chairman or vice-chairman of committee or council. At present, the Mongolian only ask for more power over local affairs and will welcome the appointment of commissioners by the Central Government. Therefore there is a good chance for the Government to work hand-to-hand with the Mongolians with a view to establishing friendly relations all round.

Nanking, October 22, 1933.

China and France to Sign New Annam Treaty

As a result of recent negotiations between the Ministry of Foreign Affairs and M. Wilden, the French Minister, an agreement has been reached on practically all points regarding the Sino-French Commercial Treaty regarding Annam. After formal signature of the agreement, the Chinese Government will open Consulates in Indo-China ports where the Chinese hold special interests.

Heavy Drop in Imports Into China—Rice, Principal Import

Imports to China decreased $11,509,873 during the month of September as compared to the month of August, according to the monthly trade returns issued by the Chinese maritime customs. The total value of all imports last month amounted to $88,717,464 as against $100,227,337. The month of August recorded a drop of $3,021,870 as compared to July. The biggest single item of imports to China in September was rice.

Japanese Consular Kidnapping of Chinese-Naturalized Korean Causes Crisis at Canton

(By the Review's Correspondent at Canton)

SINO-JAPANESE feeling has again been strained in consequence of the recent strong protest by the Canton City Government against the alleged abduction by agents of the Japanese Consulates at Shameen, Canton, of a former Japanese and Korean national and now a naturalized Chinese merchant of Tungshan, Canton. The matter has been referred to the French Consul, Mr. Bonnafouse, in Shameen, who told the Chinese Mayor, Liu Chi-wen, that the prisoner had been handed over to him by the Japanese. The Canton Government spokesman makes it quite clear that unless this man is released at the earliest possible date the incident will be submitted for the consideration of the Nanking Foreign Affairs Ministry with a view to making direct protest to the Tokyo Government.

Before going into further details concerning this Chinese citizen's abduction by the Japanese it is rather significant that, simultaneous with the occurrence of this regrettable violation of China's sovereignty, the writer learns unofficially that recently the Japanese Consul, following repeated complaints from its merchants, protested to the Chinese Municipality threatening to take their own action against the Anti-Japanese Boycotters' confiscation and seizures of Japanese goods imported into Kwangtung. Following this exchange of official views and correspondence, rumors are current that the Japanese may use the assistance of the Japanese marines to protest the importation into Kwangtung of Japanese goods, which have been barred for the last several months to the natural detrimental effect on the Japanese merchants operating within and outside Shameen. Although the Chinese officials, for political reasons, have not publicly warned the Boycotters, the general committee of the Students' Anti-Japanese Society and the Kwangtung Nationals' Salvation Association and other anti-Japanese organisations, directly or indirectly helping in the enforcement of the boycott, have been advised not to give news pertaining to the seizures and confiscations of Japanese products to the press representatives in order that the Japanese consular attention may not be constantly centred on this popular movement. These patriotic associations will henceforth carry out their work in a different manner, doing their best to avoid international complications. In this connection it may be mentioned also that the strong current rumors in Hongkong, that Japanese goods have been officially permitted to enter Canton and that several thousands of dollars of these goods have been permitted entrance by the Chinese Maritime Customs and by the pickets, have been emphatically denied by the Kuomintang authorities. While pointing out that the Kuomintang has given not the least assistance or encouragement to this popular movement the Kuomintang officials state that any government interference with this student and popular movement will certainly result in numerous unpleasant incidents and riots and on this account the City Government has endeavored always to stay away from the students and the citizens' organisations.

Naturalized Chinese Citizen Abducted by Japanese

Regarding the recent case of friction between the Japanese and Chinese officials the writer learns from the best information that the naturalized Chinese citizen, Puo Yui-yih, a former Shanghai merchant, is a ginseng dealer of Canton and he lived with other Chinese relatives at his own residence in Fook Yam Chuen, Tungshan, the foreigners' residential district outside Shameen. On Friday evening a large party consisting of three Japanese, three Chinese and two Koreans arrived in a private motor car, which was subsequently identified by the Chinese Police as being the property of the Japanese Consulate at Shameen and enquired for another Chinese living with Puo Yui-yih. This Chinese inmate happened to be out, so the visitors drove away. The car returned later in the evening and it so happened at that moment that Puo Yui-yih was standing outside his residence and without the least warning the party rushed him into the car, despite the victim's struggling and protests. It should be borne in mind here that while the Chinese officials regard this as an abduction the Japanese Consul, Mr. Kawagoye, of Shameen told a representative of the *Canton Daily Sun*, who went to seek his views on this regrettable incident, that Puo was being brought to the Japanese Consulate at Shameen, willingly. But there was no abduction. It is presumed that as the Honourable Consular authority was not on the scene he was unable to answer for what the Consulate agents did to the naturalized Chinese. To the *Canton Sun* reporter the Consul stated also that previous to the incident he had been informed by the Japanese Consulate at Shanghai to locate Puo who knows many Koreans engaged in Communist propaganda, which seems now to explain why the Consulate had taken so much trouble to invite, "willingly or unwillingly," this Chinese to the Consulate prison where the honorable consular authorities' suspicion on him might then be proved. It might not have occurred to the official mind, when this action of arrest was contemplated, that by effecting such an "arrest" or "abduction" or to put it mildly "invitation" the Japanese have violated the consular jurisdiction which demands that even when arresting Korean or Japanese subjects such action must be notified first and action taken through the co-operation of the Chinese Government, if the fugitive is taking shelter in Chinese territory and Tungshan is Chinese territory. The Chinese officials assured that the suspicion that Puo Yui-yih's association with Communist elements had never been proved and there might easily have been another political motive behind his imprisonment.

Police Investigations

It is most significant that the Japanese Consul also told the newspaper reporter above mentioned that he did not authorise the arrest of Puo, but be that as it may Puo had been handed over to the French Prison by the Japanese Consular authorities. If the arrest was not authorised it is indeed high time that the unfortunate victim of this little adventure should be released with an official apology extended to the City Government for the unpleasant experience endured by one of its own citizens. The Japanese Consular further denied that Puo was a Chinese, insisting that this man is a Korean and what was done to him was not a violation of Chinese sovereignty. On this point the Canton spokesman, Kan Chia-hou, will illustrate in the most clear manner what such a violation of international courtesy means.

From the time when the Japanese Consulate agents dragged Puo Yui-yih into the Consulate motor vehicle to his arrival at Shameen the whole affair was carried out in a perfect manner and full credit is due to the perpetrators, but for an unavoidable accident which happened to the party on passing Pak Tze Road, when their automobile collided with a Chinese government street bus. After the collision the Consulate automobile slowed down to permit the traffic officer's interrogation of its driver, whose earnestness to bring the fugitive to the Shameen jail must have blinded his sense of responsibility to avoid danger to other pedestrians and vehicles. While the traffic officer was engaged in the brief conversation with the Japanese driver, Puo Yui-yeh saw his big moment to bid for freedom and he shouted for help. Alarmed, the driver drove the car away despite the attempted interference of the Chinese Policeman. His curiosity aroused, the Policeman communicated with the near-by sub-station and gave a full account of the peculiar behavior of the passenger on a car full of Koreans and Japanese and also the car number. From the Police traffic department the officers found out that the car belonged to the Japanese Consulate. When the Mayor, Liu Chi-wen, formerly of the Nanking Municipality, heard of this he interviewed the Japanese Consul on Saturday morning enquiring after the case of the collision on the Pak Tze Road and the disappearance of a Chinese merchant from his home at Tungshan, but to these questions the Consul answered Mr. Liu that he did not know anything about it and denied knowledge of this man's imprisonment, although actually Puo Yui-yih, having spent one evening at the Japanese Consulate was being handed over to the French prison, shortly before the Mayor's arrival at the Consulate.

Disappointed with his visit to the Japanese Consulate the Mayor visited the French Consul, Mr. Bonnafouse, who told him that the naturalized Chinese had been handed over to him by the Japanese Consulate earlier in the morning and since then the man has been kept in the

French prison, pending what action the Japanese Consul desires to charge against him and the outcome of the Chinese efforts to set him free. The case is now in the hands of Liu Chi-wen and Kan Chia-hou, Inspector-General for the five South-west Provinces. In a statement to *The Review's* correspondent Kan Chia-hou commented on the incident as follows:—

"It is very much to be regretted that the Japanese Consulate-General in Canton is implicated in an act which constitutes a violation of Chinese sovereignty. Puo Yui-yih, a Korean and a naturalized Chinese citizen, was arrested in Book Yam Chuen in Tungshan by three Japanese and Korean and Chinese assistants in their employment. He was carried away in an automobile and brought to Shameen. He was first kept in custody in the Japanese Consulate-General and later handed over to the French Police in Shameen.

"I wish to point out the precise nature of the case in view of the contention that the arrest was made under the right of Consular Jurisdiction or Extraterritoriality, as some writers prefer to call it. It should be clear that the deciding point in this case is that Puo Yui-yih is a naturalized Chinese and, consequently, Consular jurisdiction is not in any way involved in the matter.

Point of Naturalization

"It may be questioned, however, as to how much jurisdiction Japan can still claim to exercise over the man who is a Korean and was formerly a Japanese national. With regard to States which allow expatriation and do not prohibit the renunciation of allegiance of their nationals, the question is quite simple. In a state such as Prussia, which still requires her subjects naturalized in other States to fulfill the duty of military service upon their return to Prussia, or as Turkey, which punishes her subjects for naturalization, such jurisdiction, questionable in certain cases, could be exercised only when the naturalized subjects return to the mother State.

"But all the jurists agree that a naturalized citizen, so long as he remains in the States in which he is naturalized, is a bona fide citizen of that State and his mother State has to regard him as such. For the Japanese Consulate-General to arrest a Chinese on Chinese territory is clearly violation of Chinese sovereignty. As various interpretations of Consular jurisdiction have been offered in connection with this case, it seems necessary to point out its nature and scope. Consular jurisdiction involves only a limitation of China's territorial jurisdiction in so far as foreigners enjoying this privilege are exempt from the processes of Chinese courts and Chinese law. For the offences committed, the law of their own country will be applied by the Consular Courts or other courts which are by the permission of China established and operated in China.

No Right Over Chinese Territory

"Consular jurisdiction does not give the Treaty Powers the right of exercising jurisdiction over Chinese territory—which right can be exercised only by the sovereignty of the territory. If the Japanese Consulate should claim the right, under Consular jurisdiction, to make arrests of Japanese nationals at any spot in China, Consular jurisdiction would mean a surrender to Japan of the exercise of territorial jurisdiction, the most essential element of sovereignty whenever Japanese nationals, traders, travellers or excursionists, may go. China could then hardly be considered as an independent and sovereign State.

Savarhar Case Precedent Cited

"This view is not only supported by the accepted principles of International Law but is the intention and should, therefore, be the interpretation of Article 24 of the Treaty of Commerce and Navigation concluded between China and Japan in 1896. The article reads: 'If Japanese subjects in China who have committed offences or have failed to discharge debts and fraudulently abscond, should flee to the interior of China, or take refuge in houses occupied by Chinese subjects or on board Chinese ships, the Chinese authorities shall, at the request of the Japanese Consul, deliver them to the Japanese authorities."

"The opinion," added Kan Chia-hou, "in the award in the famous case of 'Arrest and Return of Savarhar,' which was submitted to arbitration at the Arbitral Tribunal at the Hague, confirms the principle that recourse to fraud or force in order to obtain possession of a person who has taken refuge in foreign territory constitutes a violation of the State. Similar cases may also be cited from the decisions of the municipal courts of the various Powers.

"The incident of the arrest of Puo Yui-yih took place within the limits of Canton City and the case is in the hand of the City Government. The Mayor has lodged a strong protest with the Japanese Consul-General. If the case be not satisfactorily settled in Canton, I may communicate with the Ministry of Foreign Affairs with a view to bringing the matter up with the Japanese Government.

Japanese Send Cruiser to Canton Vicinity

Further enhancement of the strong Chinese feeling against the Japanese in connection with the illegal arrests by agents of the Shameen Japanese Consulate-General of the naturalized Chinese citizen is indicated when the Japanese authorities at Canton recalled another Japanese cruiser from Hongkong and landed their Japanese marines on Nimshan port which is situated near Canton on the Eastern Kwangtung coast between Birs Bay and Hang Hai Bay. These Bays were notorious headquarters for pirates until recent time until the desperadoes were suppressed by the Cantonese troops sent there. The recall to Shameen of a Japanese cruiser at this time of friction between the two countries has been interpreted by the official circles as a Japanese demonstration to bring pressure on the final settlement of the Sino-Japanese controversy.

Japanese marines who landed at the town near Canton further violated the extrality right when they illegally interrogated the villagers and took down data concerning the number of residents in Nimshan and the number of troops there. They remained there until last Tuesday when they were recalled probably by order from the Canton Shameen Japanese consular officials, following a Chinese protest. This peculiar movement of the Japanese marines and their vigilance on the ports seem to confirm the belief that they intend at a later date to force the importation of Japanese goods into Kwangtung despite the boycotting measures of the public Chinese civilian bodies. Further tension to the situation is evidenced by the constant meetings of the South-west Political Council members in Canton during the past few days and their recalling of Eugene Chen, who will remembered for his strong recommendations to the Nanking Executive Yuan early in 1932 suggesting the severance of all political relations with the Japanese and also his efforts to bring about the retrocession of the British concession in Hankow to China some years ago. Eugene Chen is a member of the South-west Political Council and his return to Canton from Hongkong indicates interesting possibilities that the Canton highest political body intends to bring further strong pressure on the Japanese.

Chinese Protest Ignored

The Chinese official dissatisfaction over the naturalised Chinese's imprisonment was made worse when after five days of the Mayor's note of protest sent to the Japanese Consulate the latter ignored the warning and not even replied with a letter. The naturalised Chinese is still imprisoned at the French prison at Shameen. Wu Pak-shing, Municipal Councillor, has interviewed the Japanese Consular officials in person hoping to effect the naturalised Chinese's early release but his efforts have proved equally unsuccessful. Mr. Wu told the press interviewers that the Municipal authorities will spare no pains to effect a satisfactory settlement according to a formulated policy relating to the case. It is understood that a second Chinese protest will be sent to the Japanese Consul if the first letter is not replied to within the coming week-end.

Commenting on the Japanese gunboat's visit to Nimshan another Canton government official states that Nimshan being a Chinese town and different from a treaty port the Japanese gunboat should not have called there without first consulting the Canton Government giving their reasons for this visit.

To prevent further incidents which may aggravate the situation the Canton Police has doubled the patrolmen on the Tungshan district, in which many foreigners and Koreans live and it was there that Puo Yui-yih, the Chinese citizen, was kidnapped by the Japanese. The Kwangtung Nationals' Salvation Association, the Manchurian Volunteers' Canton Headquarters and Relief Office and other Chinese public offices engaged in the patriotic movement against the Japanese have been advised by the Government to carry out the boycott movement with caution and meanwhile strangers are not allowed to visit these places in order to prevent leakage of information concerning the boycott movement.

Canton, Oct. 21, 1933.

Need of Introducing Trust System into Silk Industry

BY PAUL K. WHANG (王世方)

TRUST, as a commercial term, is still a new word in Chinese business men's dictionary. While the much advanced industrialized countries in the world have legislated Anti-Trust Laws to curb the evils of the trust system, Chinese business men are still totally unacquainted with its benefits to the infant industries. It is true that this commercial system, if unlimited by government legislations and regulations, may often lead to abuses and monopolies, but if its business activities are strictly confined to the legal bounds, its merits deserve the attention of modern Chinese business men. We should not condemn a system simply because of its possible evils without in the meantime giving due recognition to its benefits.

Only recently a few of the progressive Chinese business men have taken a fancy to the trust system and introduced it in their commercial and industrial enterprises. The development of China's match industry is a very good example to illustrate this point. In 1930, about half a dozen match factories pooled their interests and formed a central and controlling company known as China Match Company, Ltd. This amalgamated match company has since been very successful not only in conducting the business with handsome profits, but also in improving the quality of its products to such a degree that foreign matches are now practically driven away from Chinese markets.

The Benefits of Combination

In spite of the successful experiments in China's match industry, this trust system has not yet made much headway in other countries. In view of the fact that most of China's industries are yet in an infant stage and that nine out of ten factories are operated with a very small capital, I am inclined to believe that if these small factories of the same industry can pool their interests together and form several amalgamated companies with large capitalization, they will be in a much better position to finance their operations, to improve the quality of their products, to cut down their present high cost of production, and last but not the least, to establish modern sales offices to market their products. In consideration of these advantages which can be derived from this system, I strongly recommend that Chinese silkmen should introduce this system to their industry as a means to rebuild China's silk industry.

Chinese silk filatures, as a rule, have been operated on a very small working capital ranging from $30,000 to $60,000, which is not sufficient to buy one month's supply of cocoons; and therefore their continuous operation has depended upon the financial help from the native banks and the rapid turnover of their products. In face of stringent money market and business depression, many of the filatures have to suspend their operations as was the case during the past two years. Moreover, most of the filature operators do not own their establishments which are rented from some proprietors from a few months to one year.

In these circumstances, the difficulties in improving the quality of China silk can be well imagined. Since the filature owners are not the operators of these filatures, they are not interested in introducing modern machinery and equipment to their establishments, so long as they can rent out their premises at a price. The filature operators themselves, because of their limited capital, can not adopt modern methods of manufacturing silk, when their filatures are equipped with antiquated and obsolete machinery. Moreover, they can not afford to pay a high salary to secure the services of experts to supervise the manufacture of their silk, to establish a modern sales office to promote the sale of their products, and to do much advertising in making their products known to the foreign consumers. Thus handicapped, they have to be content to manufacture and market their silk in the old ways and by the old methods which have been long discarded by our competitors. This is one of the principal factors accounting for the decline of sale of China silk in foreign markets.

As one measure to relieve this situation, I deem that the trust system should be introduced to the silk industry, by which ten or fifteen filatures should pool their interests and form a silk trust. This mere formation of a silk trust, of course, will not increase the total capitalization of all the amalgamated filatures, if they do not first increase their working capitals individually. Therefore new filatures equipped with modern machinery and equipment can not be built up, unless additional investment can be made by the amalgamated filatures. But there are many advantages which we can enumerate in support of the silk trust.

First of all, a silk trust can be financially in a position to engage sericultural experts for the purpose of visiting different amalgamated filatures by turns to supervise the silk production; moreover, to pay for the services of talented administrative officers and experienced accountants. In this connection, it must be said that the failure of many of our filatures has been due to inefficient management and lack of proper accounting system. The cost of running a filature can be very much reduced if scientific management and cost accounting systems can be introduced under the supervision of experienced and talented men.

Secondly, it can put on the foreign silk markets silk of different grades in large quantities. The product of a single filature is limited by the number of its basins. In the past, the American manufacturers have always complained of their difficulty in securing a sufficient quantity of a certain grade or brand from a single filature. In order to get the quality of their materials as uniform as possible, the American manufacturers have shown their preference to buying their silk of one grade from one filature. Because of this difficulty, they have turned away from the Chinese market and secured their supply from Japan, where filatures are operated on a large scale and a supply of the required silk is more or less insured. Through the amalgamation of ten or fifteen filatures, the silk trust can also produce the silk in a big quantity suitable for the American requirements.

The Benefits of Direct Selling

And thirdly, the biggest advantage we can derive from the formation of silk trusts is to enable us to sell our silk directly to the foreign consumers. In my last article, I discussed briefly the dis-advantages of the present system of marketing silk through the medium of silk brokers and foreign exporters, and stressed the importance of selling our silk directly to foreign consumers. Since an individual filature can not afford to bear the expenses of opening up sales offices in foreign silk markets, I suggested in that article that either the filatures should come together to send their representatives jointly or the Chinese government should open up sales offices in foreign silk markets to sell China silk.

But in view of the keen competition among the filature men in selling their products, we can easily visualize the difficulty in working out an agreement by which some joint representatives can be sent out to foreign countries to serve the interests of silk filatures in an equally satisfactory manner. Therefore such a joint undertaking can not last long to produce appreciable effects. Neither is it expected that the government can give much assistance along that line at the present time.

Under these circumstances, the filature operators must first pool their interests and form different trusts, before they can share the advantage of marketing their silk directly to the foreign consumers. They can not manufacture their products suitable to the requirements of foreign consumers, unless they are first brought into close touch with foreign consumers and kept informed of the foreign market conditions.

Besides the aforesaid advantages, the formation of trusts will economize the cost of supplies other than cocoons through the purchase on a large scale, enable the amalgamated filatures to vie with each other in bettering the quality of their respective products, and strengthen the financial position of the amalgamated filatures through the amalgamation of capitals and centralization of financial control.

There are about 185 silk filatures in Central China, of which about half are now in operation. If the operated filatures can form six or seven silk trusts, I am of the belief that China's silk industry will be in a much stronger position than it is now. All the filature operators should lay aside their prejudices and narrow-mindedness, and give this proposal their serious consideration and attention.

Shanghai, Oct. 23, 1933.

C. P. C. Would Curb Powerful Shareholders

The Central Political Council has tentatively adopted an amendment to Article 129 of the Company Law which calls for the restriction of the votes of shareholders having more than 11 shares. The proposed amendment will, according to the ordinary legislative procedure, be forwarded to the Legislative Yuan for examination and formal adoption. The Article in question, it may be noted, provides that each shareholder of the Company shall have one vote (at shareholders' meetings) for one share, but that the number of votes of shareholders having more than 11 shares shall be restricted by the Constitution of the Company. It is further provided that the total amount of votes which a shareholder shall be entitled to exercise, either in his own behalf or as proxy for other shareholders, shall not in any case exceed one-fifth of the total number of votes. On the recommendation of the Ministries of Industry and Finance, the Executive Yuan has submitted to the Council a memorandum suggesting that Companies in which the Government is a shareholder, as well as those operated jointly by Chinese and foreign interests, be exempted from the restriction in question.

Hunan to Contract Ten Million Reconstruction Loan

A set of general principles governing the flotation of the proposed Hunan Provincial Reconstruction Loan of $10 million was adopted at the meeting of the Central Political Council in Nanking Oct. 19. One-third of the total proceeds of the loan are to be used for the repayment of previous loans granted by the banks; and the remaining two-thirds for the repair and completion of the Paoking-Hungkiang light railway. The amounts required for the service of the loan are to be deposited regularly with the Bank of China, the Bank of Communications, the Shanghai Commercial and Savings Bank and the Provincial Bank in southern Hunan to the account of a Sinking Fund Committee composed of Government officials and financial and industrial leaders designated by the Executive Yuan.

For the purpose of raising funds for the completion fo the river conservacy work of the Huai River, the Commission in charge is now approaching the Sino-British Boxer Fund Commission for a loan of $9,000,000.

The $15 000.000 loan subscribed by Chinese banks in Shanghai with the $100,000,000 loan coupons as security was remitted to Nanking during the week. It is understood that two-thirds of the loan were subscribed by the Bank of China, Bank of Communications and the Central Bank; the balance by various other banks.

The proposal submitted by the Ministry of Industry to float a loan of ten million dollars for the relief of the Chinese coal trade has been rejected by T. V. Soong.

Arrival of Japanese Rice Disturbs Chinese Rice Merchants

In spite of the repeated protests made by various local public organizations, the first batch of Japanese rice, 25.000 piculs, arrived here from Japan Oct. 19. This consignment will be sold in Shanghai at $6.30 per picul, which is lower than the price of Chinese rice. The shipment is now being stored at Pootung. This transaction has caused consternation among Chinese rice merchants. It is announced that a stern notice of warning has been served upon the importers of Japanese rice by the Greater Shanghai Chamber of Commerce, it being charged that it is tantamount to aiding and abetting the enemy.

In a joint notice to the public Oct. 23, the Rice Merchants Guild, the Food Merchants Guild, and the Native Bankers Guild declared that henceforth no rice merchants will be allowed to deal in Japanese rice. Anyone who violates this order will be severely dealt with by the three guilds concerned.

The Ministry of Finance, in an order to the Inspectorate-General of Customs, instructs that the ban on the exportation of rice and other cereals be lifted immediately, and furthermore, that such products be exempted from export duty.

The Shanghai Chinese Chamber of Commerce has submitted a petition to the Government urging the immediate enforcement of the new levy on foreign rice in view of the arrival of a huge quantity of rice from Japan.

The *Sin Wen Pao* comments:—In consequence of the dumping of foreign products on the native sugar market, the tariff policy of the Government should be revised so as to safeguard the home-manufactured product from unfair foreign competition. Before 1927, the annual export of Fukien sugar amounted to 150,000 bags. In (1928) however, the amount dropped to a little over 10,000 bags. Since then, the situation has improved considerably. But due to the recent confiscation of large quantities of the product by the Customs at Chiungchow and Shanghai, on the ground that the product was adulterated with foreign sugar, many sugar plants have been forced to close down. An investigation into the matter should be made.

T. V. Soong, Minister of Finance, arrived at Nanking Oct. 18 and attended the meeting of the Central Political Council. Interviewed, Minister Soong said that although the Committee for Centralized Control over the Cotton Trade has been formally inaugurated, it had not yet been decided whether or not it would be advisable to organize committees for centralized control over foodstuffs, etc.

Preparations are now being made for the organizations of a Rice Control Commission, the second of the four commissions under the National Economic Commission.

Chiao-Tung University to Establish Textile School

The Chiao-Tung University is establishing a textile school in its compound for the furtherance of the economic planning program of the National Government. The University has engaged Professor F. Barker, a British textile expert, who was formerly Professor of the Bradford Technical College and the University of Leeds and has had extensive experience in the textile work in Manchester, London, and Belfast. He was entertained last week by President J. Usang Ly of the Chiao-Tung University at a dinner in the Bankers' Club. Among those present were Messrs. Chien Hsin-tse, K. P. Chen, Louis Beale, Julean Arnold, Frederich W. Gray, Fred Taylor, and Dr. Y. S. Tsao. On October 21, Mr. Barker was the guest of honor at a tiffin given by the China Institute of Scientific Management.

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Cotton Industry Committee Formally Inaugurated

The Cotton Industry Committee of the National Economic Council was formally inaugurated in Shanghai Oct. 16 in the presence of T. V. Soong, the Finance Minister and a member of the National Economic Council's standing committee. Among the members of the Committee present at the ceremony were: K. P. Chen (chairman of the committee), Chang Kai-ngau, Tsuyee Pei, Yung Tsung-ching, Kwok Shun, Tu Yu-sen, Tang Hsing-hai, Ho Ping-yen and Tsow Ping-wen.

T. V. Soong in the course of a speech said: "The Central Government is cognizant of the fact that the keen rivalry among the powers today and the disturbed state of affairs existing in the world are primarily problems of economics and the fact that China is what she is to-day is also a problem of the same nature. It is the government's intention to devote all its energy to the work of the council and it is hoped that the necessary co-operation will be forthcoming from the people in order to achieve the aim of national rehabilitation. As we examine into the actual conditions of the cotton industry to-day and attempt to appraise its future, we see foreign mills progressing by leaps and bounds while our own mills, for various obvious reasons, have lagged far behind. The distance between the two, in terms of economic development, is increasing day by day and with a state of oversupply in a country where production is known to be woefully insufficient, it is surely a sign of social unhealthiness and industrial decay. If this is allowed to go on, the future is indeed too appalling to be pictured."

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China Abrogates Radio Pacts with U.S.A. and Japan

The cancellation of the Sino-American and Sino-Japanese wireless agreements was formally officially announced at Nanking on October 18, this cancellation closing a prolonged controversy, which formed a subject of discussion at the Washington Conference.

The Chiao-tung-pu, or Ministry of Communications in the old Peking government, concluded in 1921 with the American Federal Wireless Corporation a loan agreement providing for the erection of a high power wireless station at Shanghai with less powerful installations at Peking, Hankow, Canton and Harbin. The capital for the enterprise was to be jointly advanced by Chinese and American interests, the Chinese share being U.S $6.500,000. The Chinese government was to float bonds, the American company undertaking the underwriting.

As soon as this contract was signed, the Japanese Mitsui Company and the British Marconi Company protested, claiming that the contract violated the terms of

contracts previously concluded with them. As both sides refused to give ground, the issue remained unsettled in spite of protracted negotiations. The American federal loan bonds were never circulated, but were kept in custody at the Chinese Legation in Washington. Finally, with the consent of the American treasury department, the entire bonds were destroyed last month in Washington under the supervision of Chinese and American representatives.

In the opinion of the Japanese official quarters, the wireless station issue is still a pending question among China, Japan and America, and that under the present circumstances China has no right to announce the unilateral cancellation of the agreements with Japan and America.

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China Would Use Silk and Tea to Pay for Cotton

Suggestions that Chinese products be used to refund the American loan of U.S. $50,000,000 worth of cotton and wheat, are stated to meet with approval from General Chiang Kai-shek, chairman of the Military Affairs Commission, is stated to have suggested to General Chiang that negotiations be immediately started with the American Government for the refunding of the loan with Chinese products, including silk and tea. The suggestion that the United States Government be requested to accept Chinese products in return for the U.S.$50,000,000 loan was first broached the *China Times*, Shanghai Chinese daily newspaper.

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T. V. Soong Discusses Cost of Bandit Suppression

The country's financial situation was reviewed by T. V. Soong, Minister of Finance, in an interview in Shanghai Oct. 22. The Minister stated that with over 200,000 Government troops engaging in the bandit suppression campaign, the military expenditure had to be increased. The Government, however, was doing its best to surmount its financial difficulties created by the despatch of such a big force for bandit suppression and, besides the flotation of the $100,000,000 Customs treasury notes, no new loans had so been negotiated by the Central Government recently.

French Definitely Decide to Invest in Manchuria

M. D'Olivier, representative of the French National Association for Economic Expansion, who has revisited Changchun from Dairen, stated in an interview Oct. 17 that the negotiations with the South Manchuria Railway Co. for the proposed French-Japanese joint investment into Manchuria have been satisfactorily concluded.

The purpose of his trip to Changchun, he said, was to approach the Kwantung Army Headquarters, the Japanese Embassy and the Manchukuo Government, in order to obtain their understanding. M D'Olivier also went on to say that, after communicating with the French and the Japanese capitalists on the project and obtaining their approval, the provisional agreement will be signed between Mr. Hata, Vice President of S.M.R., and himself. It is understood that the French desire to advance 3,000,000,000 francs in three instalments.

It is said that the French investment into Manchuria will be made in all lines of business enterprise necessary to the economic establishment of Manchukuo, which will naturally bring Japan, France and Manchukuo into closer business relations. It was officially announced that arrangements for foreign investment in Manchukuo are taking definite shape. They include:—An investment syndicate to be jointly organized by the South Manchuria Railway and L'Association National d'Expansion Economique de Paris, a colonial corporation to be formed by French capitalists; Belgian investments by the Banque Societe General; and investments by the American Trading Corporation.

Baron Bayen, Director of the Bank of Societe Generale, negotiated with the Manchoukuo Government in Changchun for the investment of Belgian capital.

M. Andre Honnorat, prominent French senator and President of the Franco-Japanese Society, was decorated by the Emperor with the First Class Order of the Sacred Treasure in Tokyo Oct. 19.

S.M.R. Tightens Grip on Manchurian Business

As a measure to carry out the industrial development of Manchukuo in concert with Manchukuo Government authorities, the present Economic Commission of the South Manchuria Railway Company will be extended and the Commission will make thorough investigation regarding the economic and industrial prospects of the new state It will also make recommendations to the Manchukuo Government and the Japanese Government. Negotiations for the merger of the special service corps of the Kuantung Garrison and the S. M. R.'s Economic Commission were opened some time ago between the Garrison and the S. M. R.

The South Manchuria Railway Co. is contemplating to revive the plan for the construction of No. 4 Wharf at Dairen, which is expected to be restarted from the beginning of next year.

The Special Service Department of the Kwantung Army has announced the first Japan-Manchukuo industrial control plan, intended to avoid duplication of efforts and to assure Japan a large share of the Manchukuo market. Four industries, cement, spinning, sake and matches are included in the first group.

The Harbin press reports that the population of Manchuli is falling rapidly. In 1920 it was 25,000. In 1929 this figure had been reduced to only 8,000, while now there are only 1,700 persons left there.

Following the opening of Changchun-Tumen Railway line, Tumen, a town on the eastern terminus of the railway, in the Manchukuo-Korean border, where the railway connects with the North Korean Railway, the Manchukuo authorities concerned have decided to establish a passport vise office at Tumen at the end of October.

A waterway conference to decide the rights of the cruising on the Amur River will take place between the Manchukuo and Soviet delegates in the early part of November at Blagoveschensk.

A representation was made by a group of Japanese shipowners to Mr. Hirota, Foreign Minister, Oct. 18 appealing for relief from alleged unlawful treatment by the Soviet authorities concerning Japanese steamers calling at Kamchatka and Primorsk. Complaints are made regarding the heavy tonnage dues and pilotage, various other port dues and expenses.

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MacMurray and March on the Manchurian Issue

(From the Autumn, 1933, Yale Review)

If pursued with continuing success along its present lines, Japan's policy might ultimately develop into a grandiose imperialism which would be a menace to Asia and to the world, according to John V. A. MacMurray, former American Minister to China and recently appointed Minister to Latvia. But there is the alternative danger to Japan that persistence in the continental policy would, in some circumstances, bring about internal conditions which would bankrupt Japan and leave her, in the end, no longer one of the great powers of the world. It is not beyond possibility, however, that Japan may yet come to modify the present couse of extreme nationalism which seems to commit her to a gamble upon these perilous alternatives, and may find it to her own interest to arrange with her two Asiatic neighbors a *modus vivendi* that would reconcile the rights and interests of the three powers on such a basis as would minimize the occasions for grievance or for menace to the security of any one of them. Such a settlement could, of course, be worked out by Japan only with the collaboration, in good faith and with good will, of China and of Russia. Only a settlement of that sort could be satisfactory or lasting. For no solution of the Manchurian problem could be imposed from without, even though it is possible that when time and changing circumstances afford opportunity, the good offices of other powers might be helpful in facilitating and furthering an understanding.

If war comes again between Japan and Russia, the advantage of position, both topographically and geographically, is wholly on the side of Japan, stated General Peyton C. March, U. S. Army, retired. I had the job in the World War of sending divisions of troops and of furnishing supfor an army more than three thousand miles away, in France; and I know practically what it would mean for Russia to throw a sufficiently large force into the Far East and to supply it over the thousands of miles of the Trans-Siberian Railway from Russia proper. Japan's position is exactly the opposite of Russia's. The distance to her base at home is short, and with the flanks of her armies in Manchuria protected by natural boundaries, she faces whatever may come to her, from that direction, with supreme confidence.

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The Japanese Economic Invasion of Manchuria

BY C. Y. W. MENG (孟 昭 泳)

THE signing of the Taiku Agreement, according to the Japanese view, means the end of the military phase of the Manchurian situation. From now on it is only a problem of settling down and consolidating themselves in the newly acquired land, and of developing and exploiting the Manchurian resources to the best ability of the invaders and for the benefit of the "victors." So a well elaborated plan for the "economic reconstruction" of Manchuria was decided upon by the Japanese in August of this year, which would put all principal products and natural resources in Manchuria under the so-called Manchukuo-Japanese "economic control."

Fifteen Companies Organized

Fifteen companies have been organized for exploitation purposes. Their sole task will be to carry out the projects for the economic reconstruction of Manchuria.

Japanese Control of Manchurian Natural Resources

(1) *The Manchurian Coal Mining Company* (滿洲煤鑛公司):—This company is to control as well as to exploit all coal mines throughout Manchuria, except the coal mines in Wusiu and Yentai along the South Manchurian Railway, which are now being exploited by the Railway. The company is organized with a capital of $16,000,000 to be paid up by Japan and Manchukuo.

(2) *The Manchurian Gold Exploitation Company* (滿洲探金公司):—Manchuria is well known for its plentiful supply of gold. Japan used to say that "everywhere is gold in Manchuria." So after the establishment of Manchukuo, a Manchurian Gold Guild 滿洲探金株式會社 was immediately organized, the aim of which, as announced, is to dig out gold from Manchuria to meet the gold shortage in Japan, such being considered by the Japanese as one of the ways to enable them to tide over the financial crisis at home. The Guild was later on worked jointly with the Manchurian Colony Association for the exploitation of gold in Manchuria. But now the S.M.R., the Colony Association and Manchukuo have jointly formed a Gold Exploitation Company with a capital of $12,000,000. From now on, the right of exploiting gold in Manchuria is denied to everybody, except the said Company.

(3) *The Manchurian Petroleum Company* (滿洲煤油公司):—A petition for the formation of a Petroluem Company his been approved by the Colony Bureau in Tokyo and the Military Headquarters of the Kwantung Army. The company is to be opened in October of this year. The starting capital is $5,000,000, to be paid up partly by Manchukuo, the S.M.R. and the Japanese petroleum merchants. According to the plan, the company is to open petroluem fields in many places in Manchuria.

(4) *The Manchurian Magnesium Manufactory* (滿洲製鎂公司):—Magnesium is an indispensable material for the manufacture of war ammunition and airplanes. So the Japanese are particularly anxious to form a company for the exploitation of this natural resource in Manchuria. The petition for the formation of the company was approved by the Colony Bureau in July 25, 1933. The capital is $7,000.000, of which the S. M. R. is to pay one-half; Japanese capitalists will make up the other half. The general office of the company is to be opened on Japanese territory bordering Manchuria.

(5) *The Manchurian Aluminum Manufactory* (滿洲製鋁公司):—Several months ago, an Aluminum Experimental Field was established in Wusui, which cost no less than $350,000. It has now been decided to form an Aluminum Manufactory with a capital of $30,000 000. The one Japanese aluminum factory in Fusenhsin (富山縣) will be amalgamated with this company.

(6) *The Manchurian Electric Power Company* (滿洲電氣公司):—This company has been formed by Manchukuo, S.M.R. and the Japanese Residental Guiltd in Manchuria with a capital of $5,000,000. The total area assigned to the company within which the company is to conduct its business is about 4000 square miles.

(7) *The Manchuria Pyrites Industry Company* (硫安工業公司):—Japanese have established one pyrites company in Dairen. This time, the Japanese and Manchukuo jointly put up $25,000.000 to form a pyrites manufactory which was formally opened in May 30, 1933. The field work in Kan Ching Tze (甘井子) was officially started on August 20, 1933.

(8) *The Weights and Measures Manufactory* (度量衡製造公司):—For the purpose of enforcing the new system of weights and measures in Manchuria, modelled after the Japanese system, the Japanese have established a Weight and Measure manufactory for the manufacture of the weight and measures for the use of the Manchurian people, the sole purpose being to change the present weight and measure system which is distinctly Chinese, into a Japanese system of weights and measures. The general office of the manufacture factory is in Mukden.

(9) *The Manchuria Talc Company* (滿洲滑石公司):—Talc is one of the chief products in Manchuria. By forming a company the Japanese aim is to control this industry. The company is formed by Japan and Manchukuo with capital of $500,000 But the Mitsui Bushan Kaisha, a Japanese firm, has the heaviest investment.

(10) *The Manchuria Alcohol Manufactory* (滿洲酒精公司):—One Chinese alcohol company known as Kwang Kee Alcohol Company and the other a Japanese alcohol company were amalgamated in the middle of September of this year into one alcohol manufactory with a capital of $1 500,000. The former manager of the Chinese alcohol company is to be the general manager of the new alcohol manufactory with one Japanese "militarist" as the vice-manager. But underneath, the Japanese aim is to close the Chinese alcohol company which is competitive to the new Manchukuo-Japanese organized alcohol factory and to let the factory have a free hand in this kind of industry in Manchuria.

Japanese Control of Manchurian Cotton and Forestry

(11) *The Manchurian Cotton Mill* (滿洲棉花公司):—Japan needs cotton badly. So, much effort has been devoted to develop the cotton industry in Manchuria. The Japanese have worked out a "20-Year Cotton Development Plan." The first part of the plan will be devoted to encouraging the people in Manchuria to plant cotton and at the same time steps will be taken to improve the seeds used by the people. On September 3 a conference was held to discuss the cotton industry, which was attended by 60 representatives from the Military Headquarters of the Kwantung Army, Manchukuo, etc. As a result a Cotton Association was formed which will try to control the sale of cotton in Manchuria. The capital of the company is $1,000 000. The formal opening of the company is scheduled to take place at the end of this year.

(12) *The Forestry Development Company* (林業開發公司):—Manchuria is rich in forestry. Before the invasion of Manchuria, the Japanese had already opened a few forestry and lumber companies jointly with the Chinese. After the establishment of Manchukuo, the Japanese formed a Forestry Development Company, the capital of which is $5.000.000. The present Forestry Bureau of the Manchukuo Government has divided Kirin Province into "five Big Forestry Districts." For each district there is one director whose task is to develop the forestry within his district. But after the formation of the company the directors will have to hand over the work to the company.

Japanese Control of Manchuria Finances

(13) *The Manchurian Industrial Bank* (滿洲興業銀行):—The Manchukuo and Japanese have established a bank, known as "Manchurian Industrial Bank," the capital of which is $10,000.000. But in order to avoid the conflict of interests with other Japanese banks or banking institutions in Manchuria, the Japanese have asked all of them to be the shareholders in the newly organized bank. So, the new Bank is really a strong financial organ organized by the Japanese banks and financing interests in Manchuria for the sole purpose of financing Japanese enterprises and undertakings in Manchuria in the exploitation of Manchuria.

(14) *Tai Ching Company, Ltd.* (大興股份公司):—The present Central Bank in Manchukuo is a combination of the former provincial banks and Chinese native banks. These banks, aside from doing their professional business, also indulged in other subsidiary business, such as opening of pawnshops, foodstuffs shops, flour shops, oil and dying shops (all these are the principal business or products in Manchuria) etc. After the amalgamation, the Central Bank established a special bureau known as "Industrial Bureau" (實業局) to continue these businesses. In view of the profitableness, the Japanese converted the Industrial Bureau, which was attached to the Central Bank, into the "Tai Ching Company, Limited," independent from the Central Bank. The company was formally opened on June 20, 1933 with a capital of $6,000,000 (Manchukuo currency) The business of the company has been greatly extended, including dealing in property mortgages, stock-exchange, bond-notes, etc. The general office is in Chungchun (now capital of Manchukuo) with branches throughout the whole of Manchuria. Out of seven members of the board of directors, four are Japanese.

Japanese Control of Manchurian News Service

(15) *The Manchukuo-Japanese Tung Sin (News Communication) Service* (滿洲通訊公司):—Knowing the importance of the publicity work, the Japanese have been taking all possible steps to control the dissemination of news. The first thing was to seal up all the Chinese news agencies in Manchuria and to form a new News agency, known as Kuo Tung News Service (國通電訊社) by amalgamating three other Japanese news agencies, whose function is to send out news about what is going on in Manchuria. This was the beginning of the present Manchukuo-Japanese Tung Sin News Service. This news service is now very powerful, for all means of communications, wire or wireless telegrams, telephones, etc., have all been put under its control.

Nanking, Oct. 19, 1933.

Growing Red Areas in China

(From the Review's Correspondent at Hankow)

DISQUIETING though it may be, nevertheless it is true that the Red areas are increasing in size in most places where the Reds operate. No wonder then that General Chiang Kai-shek and his colleagues have determined to root them out once for all. But this is easier said than done.

There are seven areas, where distinctively Red armies are operating against the government troops. By far the largest of these is the area in southeastern Kiangsi and western Fukien. Here the communists have their headquarters in China. The capital is Juichin or Juikin, south and little to the east of Nanchang in Kiangsi province. The Chinese Soviet Republic in this area alone comprises 4,000 square miles and has an estimated population of 6,500,000. Eighteen counties in Kiangsi province are in their hands and almost that many in Fukien. In some instances the county seat is in the hands of the Nanking government troops, but virtually the whole of the county outside it is in the possession of the Reds.

The Executive Council of the Communist Party in China resides in Juichin. The chairman is Mao Tse-tung, 33 years of age, described as "the leading spirit in the Red movements". The leading military man is the German-trained Chu Teh. He has a well-trained army, variously estimated at from 50,000 to 150,000, which has suffered hardship and is willing to fight for its existence. Chairman Mao and Military Chief Chu keep in constant touch with the other Red areas in China by means of radio, and no doubt, by secret agents.

Moscow-Trained Youths in Kiangsi

The Reds in this Soviet Republic have organized their life along the lines of the doctrines of Lenin. Young blood is in the leading political positions. Men who have received their training in Moscow or Habarovsk have been flocking back to Kiangsi and other provinces to take up the cudgels against Nanking. Since 1931 some 200 of this type have come back to Kiangsi. They have insisted on the burning of title deeds and the redistribution of property along these lines: three-tenths to the farmers' unions, three-tenths to the state, and four-tenths for private ownership.

Schools are being conducted in this area, Revolutionary Schools for the young. Their daily paper is called: The Chung Yang Chih Kuan Pao. A Peasants', Peoples' and Workers' Bank is still running with a note issue of $20,000,000.00 Mex. They have a hospital and two sanatoria. Cooperative stores are the only ones tolerated. Very little money, if any is flowing toward the Soviet in China from the Soviet in Russia. "Squeezers" are dealt with summarily, often as not shot at dawn or stabbed treacherously. The farmers are forced to do much labor against their wills, and after the harvest has been garnered, most of the grain is commandeered and distributed at very low prices through the cooperative stores. All prices are controlled by the Soviet Republic of China. Besides all these things this republic of recent vintage runs a mint and coins twenty cent pieces and dollars. Moreover, it has an arsenal where engines of war are manufactured.

This then is the political and military center of the communist movement in China. From their well-nigh

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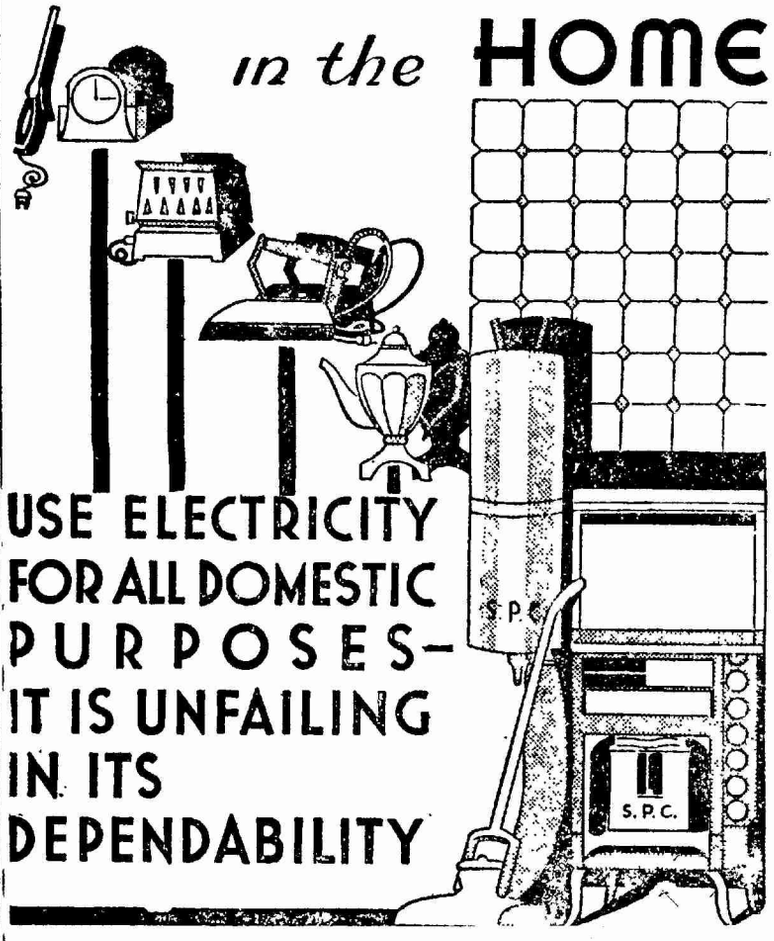

USE ELECTRICITY FOR ALL DOMESTIC PURPOSES— IT IS UNFAILING IN ITS DEPENDABILITY

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impregnable positions in the mountainous regions on the Fukien-Kiangsi border, they have been able with a small well-trained fighting force to stave off the advances of the government troops, which now number close to 500,000. and with all the men in the transport and commissary departments, close to 1,500,000.

Meanwhile more troops are pouring into Kiangsi and precautionary and preparatory measures are being taken by the Generalissimo, Chiang Kai-shek. Having conferred with the Chairman of Hupeh government, Gen. Chang Chun about how to deal with the Red situation and with rehabilitation work, he summoned Hunan's provincial chairman, Gen. Ho Chien. Last Friday, Oct. 20, he passed Hankow on his way to visit Nanchang.

The big drive has been postponed until the first week in Nov. Minor engagements are encountered daily. The wounded continue to arrive in the hospitals of Nanchang. In one encounter at Lichwan, 110 miles south of Nanchang, the Reds were repulsed as they sought to regain possession of this their erstwhile home.

Gen. Chiang Kai-shek has been disappointed before in his drives against the Reds in Kiangsi. This time he is very much more cautious and is studiously applying himself to the task of overcoming the Reds. His frequent conferences with all of his trusted leaders gives him a firmer grip on the realities of the situation and a surer hand to direct operations. No doubt when the Reds are out of the way, there will be other problems to tackle, perhaps Canton-way.

Hankow, Oct. 23, 1933.

Singapore Opium Smokers Must Have Photo on License

The section of the opium ordinance recently enacted at Singapore requires all smokers to affix a four-inch photograph of themselves to their license for the purchase of opium. The opium must be purchased only from the depots of the government Monopoly.

Fifteen men, alleged members of a opium-selling ring with wide ramifications, were arrested by police in Kanagawa Prefecture, Japan, last week Michitaro Sakai is alleged to have smuggled more than Yen 20 000 worth of opium into Japan from Saghalien last April, the contraband being concealed in a cargo of lumber.

Chinese Health Bodies Urge Building of Leprosarium

Various Chinese health organizations are urging that a national leprosarium be built at Woosung to treat and care for the large leper population in Shanghai, as well as those in other parts of the country. Organizations interested in the movement are the Chinese Mission to Lepers, Chinese Medical Association, National Health Administration, Bureau of Public Health of Greater Shanghai Municipality, the National Medical College of Shanghai and the Tung Chi Medical College. The project was discussed at a tiffin held recently in the Bankers Club building Shanghai.

Origins and Organization of the N. E. C.

BY S. K. U. CHU

(Secretary of the National Economic Council)

AT the time of its inception, the National Economic Council was placed under the chairmanship of the then President of the Executive Yuan (General Chiang Kai-shek) and the vice-chairmanship of the Vice-President of the Executive Yuan (T. V. Soong, Minister of Finance,) and it was laid down that the Council should be subordinate to the Executive Yuan.

The National Economic Council is empowered by its statutes to organize technical committees to serve it. Five such Committees have been created to deal with Public Roads, Hydraulic Engineering, Public Health, Education, and Rural Reconstruction. Like the National Economic Council itself, the Technical Committees are largely deliberative, policy-making bodies, and three of them have been provided with administrative organs to carry out their decisions. These are the Central Field Health Station, the Bureau of Public Roads, and the Hydraulic Engineering Bureau.

These various committees and bureaux now constitute the main divisions of the National Economic Council. Their creation has provided the Government with a series of co-ordinating organs which, once they have been sufficiently developed, will be fully capable of carrying out the Council's general program of reconstruction.

Highways

Realizing that the solution of most of China's economic problems largely depends upon the development of means of communication, the National Economic Council undertook in May 1932 the supervision of the construction of a system of inter-provincial highways. These highways have been built with the help of loans from the Council. Two road-building projects have been initiated under the supervision of the Bureau of Public Roads, the one in the three Provinces of Kiangsu, Chekiang, and Anhwei, and the other in the seven Provinces of Honan, Hupeh, Anhwei, Kiangsi, Kiangsu, Chekiang, and Hunan. The total estimated cost of construction for the three-province road project is $3,199,000 and that for the seven-province road project is approximately one hundred million dollars.

The three-province project provided for the construction of six inter-provincial highways. Five of these have already been completed and opened to traffic, while work on the sixth will be finished by the end of October 1933. The total length of the six highways is over one thousand kilometers. Of a total of 22,000 kilometers of highways in the seven-province project, about 2,000 kilometers have been completed, linking up more than 8,000 kilometers of existing highways.

Hydraulic Engineering

In an agricultural country like China, flood and drought are among the most constant threats to the economic welfare of the people, and the questions of river conservancy and irrigation consequently find a particularly prominent place in the National Economic Council's program of reconstruction. So far the activities undertaken in this field by the Council have been mainly directed to the completion of work left over by the National Flood Releif Commission.

In April and May of this year, the waters of the Yangtze having begun to rise, steps were taken to institute a system of safe-guarding the dykes and of flood prevention in the event of a highwater year. Towards the end of June the Yangtze had risen to the highest level recorded for that month, reaching in several places a height only one foot below the 1931 Central China Flood level. Great uneasiness was felt, but it is gratifying to report that, through the Bureau's maintenance and systematic repair of the dykes constructed last year by the Flood Relief Commission, a repetition of the disastrous effects of the 1931 flood has been successfully averted.

Hupeh Dykes and the Dyke Fund

Owing to the lack of efficiency in the previous administration of the Conservancy and Dyke Bureaux of Hupeh Province, the National Economic Council was requested in November 1932 to take over this work with a view to securing positive improvements. Through its Kianghan Office, the Hydraulic Engineering Bureau completed over one hundred repairs within four months, and organized a system of close investigation of the conditions of the dykes and of adequate preparation in cases of emergency.

In comparison with the former provincial dyke administration in Hupeh, the activities of the Council's Hupeh Dyke Fund Committee have met in a short time with encouraging success. A surplus of receipts over expenditure has been obtained which could be utilized for the construction of more permanent hydraulic engineering work in the Province. Part of the surplus has already been used to enable the ten-year old Kinshui Reclamation Project to be carried out.

Public Health

The establishment of the Central Field Health Station at the end of 1929 is the main feature of a scheme of collaboration which was worked out between the Health Organization of the League of Nations and the National Government of the Republic of China, following upon the latter's creation of a Ministry of Health. The Station has been engaged in various public health activities, as well as in the co-ordination and promotion of the local health work. Valuable assistance in the field of sanitary engineering has been given to Hangchow, Shanghai, and Nanking local governments. The Station combatted satisfactorily the wide-spread cholera epidemic in 1932 and other outbreaks of contagious diseases. A complete malaria survey was made in Nanking and along the Yangtze Valley and a program for its prevention is being worked out in certain regions. In co-operation with the Bureau of Public Roads, a Highway Health Service has been organized, and six Highway Health Stations have been established for the health protection of the workers, passengers as well as the general public.

Sericulture

The Council has established experimental stations at Hangchow and Chuyung and has helped those at Nanking, Hsiaoshan, and Kintan. It has also organized demonstration stations and secured the assistance of the International Committee for the Improvement of Sericulture in China. It is encouraging to note that the improved methods of rearing resulting from the Council's activities have already benefited some 27,000 families.

Rural Reconstruction

In the field of rural economy, the Council has made a special and intensive study of cultivated areas, rural population, land distribution, land tenure, rural credit and the production, export, import, consumption, transportation and improvement of agricultural products.

The Council has made a collection of data relating to *co-operative societies* and has obtained replies to a questionnaire which was submitted to experts. The information thus obtained will enable the Council to deal effectively with this vital matter.

As recently as June, 1933, *farm relief work* was delegated to the Council by the National Flood Relief Commission, whose past activities are now being examined preparatory to the formulation of a scheme of work.

Co-operation of League Experts

In carrying out some of its activities, the National Economic Council has received valuable assistance and advice from foreign experts delegated or recommended to China by the League of Nations. A mission of educationalists, composed of Professors C. H. Becker, P. Langevin, R. H. Tawney, M. Falski, Frank P. Walters, M. Henri Bonnet and Baron A. Sardi, an expert on educational cinematography, came to investigate the Chinese educational system and published a report describing various aspects of the system and suggesting certain measures of reorganization. Three civil engineering experts, Messrs. L. Perrier, A. T. Coode and W. Sieveking, published a report on a local study which they made of problems of river conservancy, land reclamation and flood prevention. Messrs. M. S. Okencki and F. J. M. Bourdrez have been rendering assistance to the Bureau of Public Roads and the Hydraulic Engineering Bureau, respectively. The public health expert, Dr. B. Borcic, has been doing active work in the Central Field Health Station. Professor Carlo Dragoni and Dr. Guido Perris have assisted in the tackling of rural economic problems, and experiments in sericulture are being conducted by Dr. Benito Mari. R. C. G. Somervell is asisting in the reorganization of the Central Government's civil service, while Dr. W. Jaenicke is working on local and provincial government administration.

Future Activities

A Standing Committee of three executive members, namely, Wang Ching-wei, President of the Executive Yuan, Sun Fo, President of the Legislative Yuan, T. V. Soong, Vice-President of the Executive Yuan and Minister of Finance, has been set up. In order to equip itself adequately for the performance of the greater tasks which still lie before it, the Council has expanded its technical and administrative staff and further intensified the technical collaboration between Chinese and League of Nations' experts. Of the new committee and bureauxs that are to be added to the Council's existing organs, the Cotton Control Committee has already been organized with a view to increasing the production of cotton and regulating the circulation of cotton and textile products.

American Federation of Labor Reiterates Oriental Exclusion Policy

The American Federation of Labor has once more put itself on record as favoring the continuance of the Oriental Exclusion policy.

Samuel J. Hume, executive secretary of the California Council on Oriental Relations, in a recent letter to V. S. McClatchy, care of the California Joint Immigration Committee, said:—"We who advocate just and decent treatment for Orientals yield to none in our loyalty to our country or in our desire to preserve its integrity and its ideals. We believe that we are a civilized people and that our conduct towards other nations should be in conformity with civilized practice. We resent the constant implication that those advocating quota are misguided theorists unfamiliar with the facts of self-seeking individuals animated by unworthy, sinister, and unpatriotic motives. The standing and the record of the individuals and organizations advocating quota testify to their intelligence, integrity, and unselfish devotion to the welfare of their state and country."

The Commonwealth Club of San Francisco recently voted two to one against quota for Japan, twelve to one against quota for Japan exclusive of other Asiatic nations, four to one against change in the law of naturalization so as to qualify Asiatic races therefor.

U. S. Consul General Cunningham Completes 35 Years of Service

Edward S. Cunningham, U. S. Consul General in Shanghai, will complete 14 years of service at Shanghai Tuesday, October 31—which also marks the completion of 35 years of service for the American government. The American Community of Shanghai, with the American Chamber of Commerce, the American Club and the Columbia Country Club in the lead, are planning an elaborate celebration for the occasion. The principal feature of the celebration will be the unveiling of a portrait of Mr. Cunningham (now being painted by Dwight Bridge, an American artist) on the afternoon of Oct. 31 at the Columbia Country Club, where a reception will be given to Mr. Cunningham from 6 to 7.30 p.m. The portrait will be presented to the American Consulate General in Shanghai to remain permanently here as a tribute to the valuable services which Mr. Cunningham has rendered to the American community in Shanghai.

Mr. Cunningham's home in the United States is Maryville, Tennessee. He was graduated from Maryville College in 1889 and received his LL.B. from the University of Michigan in 1893.

Dr. Shailer Mathews Says U.S. Is Rebuilding Her Democracy

Dr. Shailer Mathews, a prominent American educator, who is in Shanghai en route to India, where he will deliver five series of lectures at as many universities on the influence of Christianity on Western civilisation, under the Barrows Lectureship Foundation of the University of Chicago, in an interview in Shanghai said that under the N.R.A., democracy in America is being rebuilt not scrapped.

In the United States to-day, he said, the ideal of democracy for the individual has been supplemented by democracy for the group, the logical result of industrial development. With a President who appeals to the imagination of the people, and who is fortunate in having powers previously reserved for times of war, the national attitude has changed completely,' he said.

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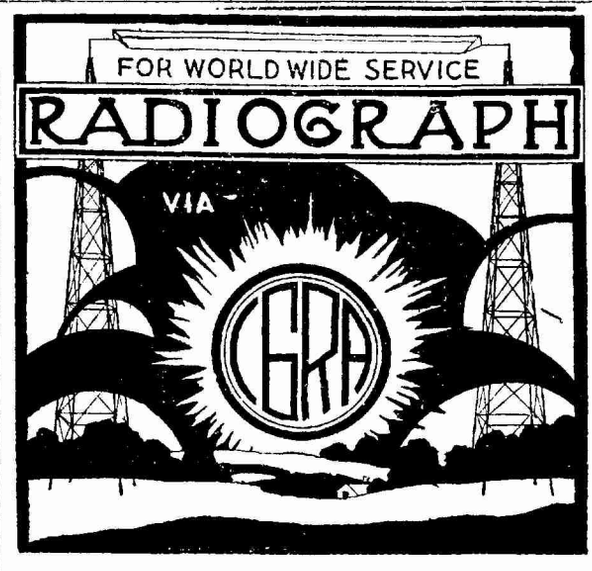

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Germany Officially Notifies Withdrawal from League of Nations

The German Government Oct. 19 officially notified the Secretary-General of the League of Germany's withdrawal from the League of Nations.

Many European Countries Make Warlike Preparations

Various European governments are taking steps to strengthen their frontier defences to meet possible eventualities. The Belgian Government has allotted further funds to strengthen its defenses. Heavily armed guards pace the northern Austrian frontier, in many sectors behind barbed wire. The already strong chain of deep trenches, casemates and heavily armed forces along the north-east frontier of France are being strengthened to an advanced stage. Significant in this connection is the statement by the French Premier, M. Daladier, that France's system of defence is not yet complete. When once passed, the arms budget, he said, must not be tampered with, economy or no economy. In the meantime M. Daladier's cabinet has fallen. M. Sarraut was appointed Premier Oct. 25.

In Poland and Czecho-Slovakia provocative patriotic speeches are being made. The Swiss Government contemplates further appropriations totalling Frs. 100,000,000 to increase her armaments; Denmark has already done so.

Switzerland is uneasy at recent developments, coupled with the reports that Germany, in the event of a war, contemplates marching to France through Switzerland.

Australia and New Zealand have commenced an improvement of armaments with the understanding of the British Government in view off the situation in the Far East and the Pacific, according to the *Daily Herald*.

Germans Attacks on Japanese Draw Protest from Tokyo

Mr. Nagai, Japanese ambassador at Berlin, has protested to the German Government regarding the frequent molestation by Nazis of Japanese women and children resident in Germeny.

The U. S. State Department has reported itself as satisfied with the sentences of six months' imprisonment passed on the two Nazis found guilty of assaulting Ronald Velz, an American citizen, at Duesseldorf on Oct. 10.

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Both U.S.A. and England Want Stronger Navies

The Navy League of the United States in a blunt letter to the Navy League of Great Britain Oct. 19, opposed suggestions that the United States should modify its building program, citing statistics tending to show that, after the present program is completed, the United States will still be more than 200,000 tons short of the quota under the London treaty. The Navy League considers it would be unwise for the United States to reduce its unit tonnages in any respect. According to *Reuter*, the letter uttered a warning that "continued British antagonism towards the United States naval building policy would block absolutely essential cooperation between the two countries."

Admiral of the Fleet Earl Beatty in a speech before the British Navy League Oct. 19 said that Britain's naval weakness must be rectified at the Naval Conference of 1935. He contrasted Britain's naval maintenance expenditure of £43,000.000 with the £75,000,000 of the United States. As regards cruisers, Lord Beatty said he was not cavilling at the American demand for parity but Britain's acceptance of fifty instead of seventy cruisiers was a grave and deplorable blunder.

Admiral Chatfield, First Sea Lord of the Admiralty and Chief of Naval Staff, in a speech at Sheffield, Oct. 18 said Britain as a nation must take stock of its defense position and consider whether it is maintaining its naval strength in accordance with its policy. He declared that the Navy had never been more efficient and more zealous, and drew attention to recent naval developments. Fuel consumption, he said, had been reduced by one-third since the War, while torpedo boats and submarines had undergone improvements.

French Fourth in Foreign Population in Their Own Concession

A ceusus held last month of the French Concession shows a total Sino-foreign population of 496,536, an increase of 18,000 over last year. Russians rank first with 7233. British second with 2604, Americans third with 1911 and French fourth with 1399.

"There Will Be No Dictatorship in America"---President Roosevelt

In an extemporaneous address at Washington college Oct. 21 President Roosevelt predicted that the United States would achieve economic recovery in a much shorter time than would be required "under five or ten years of a dictatorship." He indicated that there was no desire on the part of the Administration to impose anything like a dictatorship on the country.

The Farm Holiday Association called a general strike in the farm industry at St. Paul, Minnesota, Oct. 21. It will resolve itself into a test of strength between the farmers and President Roosevelt, who has promised to give them a "sound" dollar. Moves towares inflation and help for silver are growing stronger.

The Convention of the American Federation of Labor has declared a boycott of goods and services supplied by Germany, Italy, Russia, China or any other country which forbids free organization of trade unions.

A suit for $200,000 has been brought against an Italian shipping line by Davis Warshauer, a truck driver, who alleges that the liner *Conte Biancamano* ignored his signals of distress when he was adrift in a rowing boat 50 miles out at sea.

President Roosevelt announced in Washington Oct. 18 that the Treasury's new $500,000,000 bond issue connected with conversion operations had been over-subscribed nearly four times.

An energetic "Buy Now" campaign was waged in the United States with a view to preventing a decline in sales, but the latest advices were that it had failed.

It was announced Oct. 19 that negotiations looking to the merger of the Standard Oil Company of New Jersey and the Standard Oil Company of New York had been definitely abandoned.

The Editors' Association is opposing a demand of the N. R. A. to take action against any newspaper criticizing its program and is demanding instead full safeguards for the liberty of the press.

The U. S. Department of Justice announced Oct. 22 that 2753 banks had already agreed to join deposit insurance association. The banks that have joined so far have agreed to contribute approximately U.S.$200,000,000 to the deposit insurance fund.

$25,000,000 for U.S. Army and Navy Transport Services

The Department of Interior has alotted the War Department $10,000,000 for motorization of certain detachments. At the same time $15,000,000 was given to the Navy for aviation purposes.

Shanghai Power Company Clerk Victim of Attempted Murder

After being kidnapped by three armed men, dressed like workers, not far from his home in the morning of October 20, Chen Ching-loh, a clerk of the Shanghai Power Company, who had refused to join the strike of the employees of the Company, was forcibly taken in a motor-car to Chinese territory off Ward Road and shot seven times by the thugs and then left for dead. He was later picked up about 10 o'clock in the morning on Ma Yue San Road in Ying Hsiang Kang district and was rushed to the Sacred Heart Hospital in Ningkuo Road. Upon examination, he was found to be suffering from bullet wounds in the abdomen and chest which may prove fatal to him. The crime is believed to have been perpetrated by the radical elements among the striking workers of the Company because of his persistent refusal to join their strike. Besides engaging the services of Dr. W. L. New for the treatment of Mr. Chen, the Power Company has offered a reward of $5,000 to be paid to any one giving information leading to the arrest of those who took part in the attempted murder.

The strike situation in the Company's plants showed little signs of improvement during the week. In a communication to the Shanghai Municipal Council, the Chinese General Chamber of Commerce urged intervention into the disputes. Branding the Power Company's action in allegedly shutting out the employees as arbitrary and "evolved from the conventional high-handed capitalistic policies," the Chamber requested the Council to take immediate action to remedy the situation. It is learned that the Ministry of Industries has just sent an official to Shanghai to investigate the matter and arrange for a

settlement of the strike. The situation is said to have been improved since Wednesday, Oct. 25, as a result of the discussions by both the Shanghai Municipal Council and the local Chinese authorities. Pao Kuo-hua, the official sent by the Ministry of Industry, is rendering valuable assistance in an effort to solve the difficulties. According to Chinese reports, Tu Yueh-sen, prominent and influential local business leader, has been requested by the Shanghai Municipal Council to help in settling the strike. Mr. Tu had a conference with Stirling Fessenden, Secretary-General of the S. M. C. on Oct. 24, in connection with the strike situation, the reports state.

The strike in the No. 3 factory of the B.A.T. in the Yangtszepoo district continues. Although several negotiations have been held between the strikers and the Company authorities, no agreement tending to end the strike has yet been reached.

First Plane Makes Trip on Canton-Shanghai Service

The first plane (Sikorsky amphibian) of the newly inaugurated Canton-Shanghai airmail service took off from Shanghai on the morning of Oct. 24, and duly reached its destination. Stops are being made at Wenchow, Foochow and Amoy in both directions, Two days are allotted for the trip from Canton to Shanghai. Flights from Shanghai will be made Tuesdays and Fridays from Canton Wednesdays and Saturdays. The fare from Canton to Shanghai has been fixed at $270; from Hongkong to Shanghai, $250. No passengers are to be carried for the time being, however.

Accompanied by Wang Sheng-hai, aviation expert of the Naval Ministry, Captain Chen Wen-lin arrived in Hangchow from Shanghai on his home-made airplane, *Kiang Chiao*, Oct. 21. After staying overnight to attend a dinner given in his honor by the Aviation Administration, Captain Chen proceeded to Amoy and Foochow.

Sun Tung-kang, the Chinese round the country flier, arrived in Peiping, Oct. 19 from Paoting. He proceeded to Tientsin Oct. 24.

Lieutenant R. L. Sansbury, American instructor in the Hangchow Aviation School, received painful face injuries on Oct. 19 as the result of a collision between two planes.

Tokyo Police to Be Equipped with Airplanes

Repeated violation of air regulations, and the recent disclosure of a Communist plot to shower Tokyo with pamphlets from the air, has brought about a decision of the Metropolitan Police Board to purchase two airplanes for purely police work, according to the *Hochi*. An appropriation of Yen 20,000 will be asked in the budget for the next fiscal year.

Another Air Disaster in Japan

Two military planes, each manned by a student pilot, crashed in mid-air in the Tochigi prefecture Oct. 22. Both pilots were killed instantly, while the machines were completely wrecked.

Manila Franchise for Pan-Amerian Awaits Change in Procedure

Delay in obtaining a franchise for all Philippine points not now served by air mail and passenger service has been encountered by Harold M. Bixby, vice-president of Pan-American Airways, who is seeking the franchise in preparation for the establishment of trans-Pacific service. according to a *United Press* dispatch from Manila Oct. 20. No great opposition to the granting of the franchise to Pan-American Airways is exhibited, but the Legislature at the moment has under consideration a measure transferring the power to issue licenses and franchises from itself to the Department of Public Works.

Preparations are now in full swing for the early inauguration of direct air communication between the United States and China by way of Manila, according to information from the China Aviation Company.

Colonel Charles A. Lindbergh and his wife arrived at Galway, Ireland, Oct. 23. He intends to examine the possibilities for establishing an airport in Ireland for eventual trans-Atlantic air-service.

The Australian airman, Charles Ulm, has set up a new record for a flight from England to Australia. He flew from England, arriving in Darwin, W.A., Oct. 19 in six days, 17 hours and 45 minutes.

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Kiangsu Runner, Disqualifed, Wins 10,000 Metre Race Easily at Nanking

The National Athletic Meet, held for ten days at Nanking since October 10, was formally closed Oct. 19. The closing ceremonies were attended by thousands of officials and representatives of the various public bodies as well as over 2,000 athletes who participated in the contests.

Minister Wang Shih-chieh, President of the Athletic Meet, expressed satisfaction with the unprecedented results achieved at the contests, and hoped that henceforth the various educational organs of the Government, the various schools and the athletes themselves would make still greater efforts for the promotion of physical culture. President Lin Sen in an address said that he was exceedingly gratified with the results of the Meet.

At a meeting of the Athletics Committee of the Ministry of Education it was decided to hold the next National Athletic Meet on Oct. 10, 1935 at Shanghai. After 1935, the National Athletic Meet will be held once every two years at the Capital. With regard to China's participation in next year's Far Eastern Olympics, the meeting decided to cooperate with the National Athletic Association in making appropriate preparations.

Disgruntled Second Becomes a Humiliated Fifth

A comedy was enacted at the National Athletic Meet in Nanking Oct. 19 just before the event came to an end. The result of the 10,000 metre race, as previously announced, was that the Kiangsu runner, King Chung-kang, came in first. Later, upon protest from the Shansi delegation, the Meet officials met and disqualified the Kiangsu runner, holding that King Chung-kang ran one lap short. Thereupon Ku Teh-shen, the Shansi runner, was awarded first place. Then bowing to the hubbub, it was decided te run the race again. This time King Chung-kang won comfortably, being almost 400 metres ahead of Ku Teh-chen, the Shansi runner, while the Shanghai runner, Wang Cheng-lin, finished second. Ku Teh-shen, on whose behalf the protest was made, finished a poor fifth.

In swimming, Canton captured the men's championship with Hongkong second. Hongkong won the the girls swimming title, with Canton second.

Shanghai footballers defeated the Canton eleven for the national championship by three goals to nil, Oct. 19. In the men's baseball final Canton defeated Hopei by four runs to one.

Lack of Sportsmanship

The *Sin Wen Pao* comments:—"Narrow 'patriotism' dominated the feelings of many at the meet with the result that it caused much trouble. The most striking instance was in the basket-ball game between the Shanghai and Canton teams. The supporters of the two sides became so enthusiastic that they nearly came to blows. This shows the lack of solidarity among the Chinese people even in a game of basket-ball. Sport enthusiasts must realize that these games are played by the youth of China. No matter which side comes out victorious, there is nothing for the other team to be ashamed of. It is extremely undesirable that they should start fighting each other simply because they want their own provincial team to win."

***

Notes on the Track Meet by W. Reginald Wheeler

There were three scenes which are especially vivid in my memory. The first was that on the first day of the Meet, when the competitors marched around the track and were addressed from the central stand by officials of the National Government. The marine band led the way, playing smartly a selection of marches. One of these had the same air as a school song which we sing at The Hill School in Pennsylvania at the time of meeting our rival, Lawrenceville. It was an interesting experience to hear this old, familiar war chant being rendered by a Chinese band in the Far East. After the band marched the various delegations of competitors, thirty-three groups in all, each carrying a beautiful banner with the name of the province or city inscribed in great white characters upon a blue field. The entrants wore white or blue or orange sweaters with the characters for their province or city emblazoned upon their chests, and white duck or flannel trousers, while some of the competitors were in track clothes and shorts. It was an invigorating and stimulating sight to see these young athletes, men and girls from all the provinces of China, from Szechuen in the far west, from Yunnan and Kwangtung in the south and southwest, from Chihli in the North, gathered together in the spirit of friendly rivalry and emulation. The three North-eastern Provinces were not omitted from the scene and the familiar characters for Heilungkiang, Kirin and Liaoning were visible. A representative from one of these provinces competed in the Olympic Games at Los Angeles last year and at Nanking won the 100 and 200-meter dashes. All the competitors, numbering over 2,500, after marching about the track, assembled about the reviewing stand and listened to addresses by Lin Seng, Wang Ching-wei and other prominent officials, an assembly of representatives of young China listening to words from those of a preceding generation who had witnessed and had been a part in the great movement that had brought forth the Republic, who were trying to conserve the best of the old and make use of and develop the best of the new.

No one could attend the games and not be impressed by the presence of the girl athletes competing at the same time as the men and not feel the transition and radical change in attitude which their presence signified. In basket-ball and swimming, the girl performers especially distinguished themselves. In our party on one day was a teacher in one of the girls' schools in Honan and her remarks upon the difference in bearing and outlook between the girls who attended her school, and those who still feared to enter the school because they might be forced to unbind their feet, and these girls moving with the unfettered freedom and grace of the new century, were of interest and significance.

United States Tackles Sugar Problem in Relation to Cuba

Secretary of Agriculture Wallace has declined to accept the sugar agreement submitted by U.S. domestic producers and refiners, giving as a reason that it conflicted with important state policies. The agreement dividing the United States market between continental, insular and Cuban growers gave undue advantages to the refiners in the opinion of Mr. Wallace.

In an effort to prevent any further disturbance in the relations between the United States and Cuba, American bankers and some officials are urging the government to narrow the Senate's investigation of banking activities involving Cuban institutions. The Cuban populace is still angered over the loans obtained by the Machado government. They amounted to U.S.$25,000,000 and according to some of the Senators, exceeded the proprieties.

In the meantime great agitation still reigns in Cuba. The clashes between the soldiers and the extremists continue, despite the labor minister's declaration promising that a legal status will be shortly granted to the extremist Union.

"China Should Recognize New Cuban Government"

The *Shanghai Morning Post* comments:—"China has long talked about the adoption of a revolutionary diplomatic policy. Hitherto nothing has been done to demonstrate China's decision to take such action. Now is the time for her to show her foreign policy. The best thing to be done is to accord official recognition to the new Cuban Government without waiting for the United States. Although China has never had close relations with Cuba, Chinese citizens in Cuba are far better treated than those in any other country. This very fact justifies China's recognition of the new Cuban regime. China has always been friendly with the Latin American Powers, with the sole exception of Mexico, which does not understand China. Brazil was the first Power to recognize the Chinese Republic. Therefore, there is no reason why China should withhold her recognition from the new Cuban Government."

Rebellious Siamese Prince Flees, But Government Totters

Although the revolution in Siam was stated in earlier telegrams to have come to an end, later telegrams said the Royal government was tottering for financial reasons. The Siamese government has offered a reward of 10,000 ticals for the capture of Prince Bovaradej, and 5,000 ticals each for the two other rebel leaders. Prince Bovaredej is reported to have fled in an airplane. Prince Bovaradej was educated in England; he was formerly Minister in London, and Minister of War in Bangkok.

Prince Sithiporn, brother of the rebel leader, Prince Bovaradej, is among the insurgents who have been captured by the government forces. The rebels at last reports were retreating towards the hilly country in north-eastern Siam.

Who's Who in China

Wu Pi-yen, Party official and publisher; born at Chaoyang, Kwangtung, 1885; went to Siam at age of twenty to engage in business; founder of the *Kuo Min Press*, *Min Kok Press* and *Bangkok Morning Post* in Siam; successively served as general manager of the Chinese Rice Merchants' Guild, chairman of the Chinese Wine Merchants' Association, director of the Chinese General Chamber of Commerce and director of the Pei Yin and Chaochow Public Schools in Siam; now, member of the Executive Committee of the branch party headquarters of Kuomintang in Siam, advisor to the National Overseas Affairs Committee at Nanking, and managing director of the *Kuo Min Press*, *Min Kok Press* and *Bangkok Morning Post* and president of the Shou Shan Publishing House in Siam; an enthusiastic worker among the Chinese community in Siam in education, Kuomintang Party affairs and charitable works; participated in many revolutionary movements in connection with the Chinese Revolution; during the May 30 Tragedy at Shanghai in 1925, he was delegated by the Chinese General Chamber of Commerce, Overseas Chinese Union and thirty other organizations in Siam to come to China to succor and comfort the workers with contributions raised among the overseas Chinese Community in Siam; address: *Min Kok Press*, Bangkok, Siam.

Wu Pi-yen
吳碧巖

吳碧巖，現年四十八歲，廣東省潮陽縣人，二十歲到暹經商，對於華僑教育文化黨務慈善諸事業，提倡不遺餘力，歷次革命運動，無不參預工作，五卅慘案時，暹羅中華總商會華僑聯合會等三十餘團體等發起籌款贊助工友，被推爲回國慰勉代表，獨資創辦國民日報，民國日報，曼谷晨報，歷任暹羅米商公所總理，酒商公會主席，中華總商會董事，培英潮州等公立學校校董，現任中國國民黨駐暹總支部執行委員，中央僑務委員會顧問，暹羅國民，民國，曼谷等電示社長，壽山印務有限公司董事長。

Northwestern Delegation Appeals for Relief

Owing to the famine in the Northwest due to drought and flood, four representatives of the people of Shensi, Kansu, Ninghsia and Chinghai arrived at Nanking on Oct. 15 to petition the Government for relief. They are accompanied by one personal representative of Gen. Chu Shao-liang, Chairman of Kansu Provincial Government. Interviewed, the Kansu representative said that none of the districts in Kansu has escaped the effects of the drought which prevailed during the first half of the year, or floods which occured after Autumn. On behalf of the suffering people of the four Northwestern provinces, he asserted, they have come to Nanking to petition the Government for funds from the proceeds of the American wheat and cotton loan for the succor of the unfortunate inhabitants and for the development of the North-west.

In the United States Court for China

In re. Estate of MIGUEL MORALES, ALIAS M. M. TORRECILLAS, Deceased	Cause No. 3565 Special Proceedings No. 924 NOTICE—AMENDED

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of MIGUEL MORALES, ALIAS M. M. TORRECILLAS, deceased, present the same with vouchers to the undersigned on or before November 4, 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China.
October 9, 1933.

Chauncey P. Holcomb,
Administrator,
12 Kiukiang Road,
Shanghai, China.

Who's Who in China
(with Supplement)

The standard edition of *Who's Who in China*, published in 1931, has now been brought up to date through the publication of a 200-page supplement. The two books contain the pictures and biographical sketches of the leading men and women of affairs, in government service, business and the professions.

It's the only work of the kind in the English language, is fully indexed in both English and Chinese and most of the sketches contain the latest addresses in addition to information pertaining to date and place of birth, education, careers, etc.

No business office, home, school or public library is complete without *Who's Who in China* giving complete information about the leading men and women of affairs in the Chinese Republic.

If you already have the standard edition published in 1931, order the Supplement only. If not order both books. The prices in Chinese silver or U. S. currency, including postage are as follows:

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Standard Fourth Edition (1931)	$10.00 Ch.	$11.50 Ch. or U.S.$4.00
Supplement	2.50 Ch.	3.25 Ch. „ U.S. 1.00
Both Books	11.50 Ch.	13.50 Ch. „ U.S. 4.50

Send orders with check or postal order to the undersigned.

The China Weekly Review
38, Avenue Edward VII
Shanghai.

Men and Events

Chinese consulates are shortly to be established in Novosibirsk and Leningrad.

The marriage is announced to take place Oct. 27 of C. S. Hirsch, of the *N. C. D. News* staff and Miss Olga Fedorovitch, daughter of Admiral Fedorovitch.

Lin Sen, chairman of the National Government, sailed for Foochow on board the gunboat *Yung Sui* from Nanking Oct. 21 to visit his native village.

Direct Shanghai-Peiping train service was inaugurated on October 22. The ferry service between Nanking and Pukow was formally inaugurated the same day.

Fabian Chow, of the *North-China Daily News* staff, and Miss Alice Wu, a native of Melbourne, Australia, were married in Shanghai Oct. 21.

Dale V. Maher, of the U.S. Consulate in Hongkong, has been appointed Consul at Medan, Sumatra, and will depart for his new post on October 28.

In a ministerial order Oct. 20 the Ministry of Communications instructed the Directorate-General of Posts to take over the affairs of the Postal S.vings and Remittances Bank immediately.

The National Government has promulgated by Mandate a set of Regulations governing the encouragement of contributions by public-spirited citizens towards the promotion of water conservancy enterprises.

A Russian butcher suffering from anthrax was admitted to hospital at Harbin Oct. 20. Many of his customers are being injected with anthrax serum as a precaution.

James McClesky of the National Aviation Corporation and Margaret Hearn, daughter of Brig.-Gen. C. C. Hearn, formerly of the Army Post, Manila, were married in Shanghai Oct. 19.

An American naval captain, F. J. Comerford, of Shanghai, attempted to commit suicide on the evening of October 19 on board the s.s. *President Madison* by slashing his wrists, ankles and thighs with a razor.

The 1000-ton Japanese steamer *Yashima Maru* foundered during a typhoon in the Inland Sea Oct. 20. The wives of two officers attached to the British aircraft-carrier *Eagle* were among the fifty odd persons who lost their lives.

Mr. and Mrs. Roland Cross, of the American Board Mission, have moved to Tunghsien, where Mr. Cross will act as general secretary of the Peiping and Tunghsien mission stations. They recently returned from a holiday spent in the United States.

After an interval of seven months, when it was obliged to discontinue its factory operations owing to the anti-Japanese boycott, the Tai An Cotton Mill, in Hankow, which is under Japanese management, resumed work morning Oct. 22.

A recent London message stated that Allan G. Mossop, British Crown Advocate in Shanghai, will be appointed Judge of the British Supreme Court in succession to Sir. Peter Grain, who retires December 21. Mr. Mossop was born in South Africa.

The only son of the late Wu Hwei-kiu, once magistrate of Shanghai Hsien, a 15-year-old student of St. John's University Middle School, Wu Tze-kiu, was abducted by four armed men who waylaid him while he was proceeding in his own car to his home near Small West Gate, Nantao Oct. 21.

Dr. V. K. Wellington Koo, Chinese minister in Paris proceeded to London end of last week to deliver a series of lectures during the next six weeks under the auspices of the Chinese University Committee. He will speak on various aspects of Chinese life at Oxford, Cambridge, Manchester, Leeds and in Scotland.

Patricio Smart, the present Consul-General for Chile in Shanghai, made a state nent during the week that Carlos Becerra is no longer connected with or serving in the Diplomatic or Consular service of Chile. Senor Becerra's name had been mentioned previously in connection with a gambling venture.

The wedding took place in Canton last week of Tung Yi-chi, a 70-year-old Overseas Chinese, and Miss Wang Mei-shun, age 68. Immediately after his engagement to Miss Wang, who was then 16 years old, Tung asked his bride-to-be to accompany him to Canada, where he intended to seek fame and fortune. Miss Wang, however, refused. When Wang returned to Canton from Canada recently be renewed his courtship.

Vice-Admiral Descottes Genon has been appointed to command the French naval forces in the Far East.

Harry W. Frick of the Chase National Bank was elected 1933-4 commander of General Frederick Townsend Ward Post No. 1, American Legion, Oct. 18.

Mrs. J. A. Coughlin, wife of the editor of *East* (Publishers, *Shanghai Evening Post*) arrived in Shanghai end of last week accompanied by her two daughters.

Hu Shih-tse (Victor Hoo), Chinese Minister to Switzerland, Chang Hsin-hai, Chinese Minister to Portugal, and Huang Nai-shu, Director-General of Posts, have been appointed Chinese plenipotentiary delegates to the forthcoming International Postal Conference.

The Ministry of Communications is dispatching Wu Ta-ming, a technical expert, to England to superintend the construction of the five ocean steamers for the China Merchants Steam Navigation Company. These vessels will be paid for out of the loan obtained from the British Boxer Indemnity Refund.

General Wei Te-hsin, Counsellor of the Taiyuan Pacification Headquarters, died at the hands of an assassin Oct. 21. The assailant was a young man, Li Shu, whose father Li Chi-jen (a brother of Li Shang-men, member of the Shansi Provincial Government Committee), had been executed by the deceased some years ago.

Measures for the grant of pensions to the families of the late Huang Chi-chen, reserve member of the Central Supervisory Committee, and the late Lin Huan-ting, veteran Kuomintang member, were decided upon at a meeting of the Standing Committee of the Central Executive Committee at Nanking Oct. 19.

Dr. M. L. Chang, eldest son of K. P. Chang, managing director and general manager of the Ming Hwa Commercial and Savings Bank, is due back in Shanghai next month after pursuing business studies in the United States during the past five years. He is returning by way of Europe.

D. C. Phillips the second engineer of the s.s. *Wing On*, who was charged with manslaughter on October 6 in Hongkong, was discharged, Oct. 20. The charge against the accused was that an African had died from injuries received in a fight with Phillips in the Wanchai district on October 4. Medical evidence that the African died from uremia as a result of a diseased kidney was accepted as conclusive.

For the purpose of obtaining better information about industrial and commercial conditions abroad, Leng Chia-yi, Chairman of the Peiping Chamber of Commerce, is planning to organize an inspection commission of prominent business leaders throughout the country to take an extensive trip abroad. The Shanghai Chamber of Commerce is supporting the project.

In order to allay a financial panic at Tsinan caused by the recent collapse of two native banks, the Chingchi and Hsinchang Banks, the Shantung Provincial Department of Finance has decided to pool the resources of the various banks in the city so as to form a foundation fund, to be used in case any other bank should get into financial difficulties as a result of these failures.

A total of 1549 candidates enrolled for the second annual higher civil service examinations which took place at Nanking Oct. 20 to 25. The first three days were devoted to examinations for ordinary civil administration officials, the last three days to the examinations for financial, educational, accounting, statistics, consular and judicial officials. The results of the examinations will be announced Nov. 5.

The September report on Demonstration Centers of the National Child Welfare Association of China made by the general secretary, Jabin Hsu, at the executive committee meeting held Oct. 16 at the Bankers' Association, showed that besides 1977 patients cared for at the Association's Yangtszepoo Clinic, the doctors paid visits at the home of 100 sick people free of charge. The Child Welfare Home conducted by the association on Tongshan Road has 69 unprivileged children under its care.

The long-outstanding dispute between the farmers at Linpi and Tungshan, two cities near Hsuchow, over the construction of dykes along the Yellow River assumed a serious aspect end of last week when the farmers at Linpi decided to destroy the dykes around that city in order to change the course of the Yellow River. About two thousand Linpi farmers gathered along the Yellow River with the intention of destroying the dykes in question. The farmers at Tungshan also gathered in force to stop the work. Desultory rifle-fire ensued.

Carl Nahmmacher, Shanghai representative of the United Aircraft Exports, Inc., has removed his offices from 865 Aveune Foch to Room 205, Hamilton House.

Dr. Niels Nielsen, American missionary physician, escaped from his captors and arrived safely at the Japanese garrison at Hsiuyen, 110 miles south of Mukden, Oct. 25. He had been a captive for six months.

The Japanese Minister, Mr. Ariyoshi, visited General Huang Fu at Peiping Oct. 24. He was closeted with the Chinese leader for a considerable time. Both Japanese and Chinese officials are maintaining strict secrecy regarding the nature of the interview.

Gen. Sun Tien-ying Ordered to Halt Advance to Chinghai

A Peiping dispatch in the *Shanghai Morning Post* on Oct. 17 reported that Gen. Chiang Kai-shek, President of the National Military Affairs Commission, has sent an urgent telegram to Gen. Sun Tien-ying, Land Reclamation Commissioner to Chinghai, (Kokonor) instructing him not to proceed to Chinghai but to remain in Suiyuan until an understanding has been reached with the Chinghai Authorities. Gen. Sun's troops have also been prevented from entering Ninghsia because of the refusal of Gen. Ma Hung-kuei, Chairman of Ninghsia, to permist their passage through his province. Meanwhile, Gen. Sun is experiencing great difficulties in his present situation, as the people and merchants of Shahsien, Western Suiyuan, where his troops are concentrated, have declared a general strike since Oct. 14 as a protest against their continued commandeering of food supplies.

A later telegram from Nanking on Oct. 20 reported that Gen. Ma Hung-kuei and Gen. Ma Pu-fang (Commander of the newly organised 9th Division) have modified their attitude towards the 41st Army under Gen. Sun Tien-ying. Instead of opposing their passage through Ninghsia, they have agreed to allow Gen. Sun's troops to enter the province on the understanding that the Ninghsia Authorities would not be called upon to provide for food supplies. On the other hand, the report is persistent that the authorities of Chinghai, Kansu and Ninghsia are uncompromisingly opposed to Gen. Sun's advance into Chinghai through their provinces. It is reported that Wang Ching-wei, President of the Executive Yuan, is trying to settle the dispute amicably and considering sending Gen. Sun's troops to Sinkiang in order to avoid conflicts between Gen. Sun and the Chinghai Authorities.

According to a telegram from Peiping on Oct. 21, the situation is growing tense, as Gen. Ma Hung-kuei has mobilized his troops on the Ninghsia-Suiyuan border to prevent the entry of Gen. Sun's forces under strict orders from Gen. Chu Shao-liang, Chairman of Kansu and concurrently Bandit Suppression Commander in the Northwest. A detachment of Gen. Sun's troops already entered Ninghsia territory, but on learning of the hostitle preparations, immediately withdrew to Suiyuan. At present, the two forces are facing each other, threatening a clash at any moment. In order to avoid a conflict, it is learned that the Government has decided to send Gen. Sun's troops to Sinkiang to strengthen the border defense there. As a protest against Gen. Sun's persistent efforts to enter Ninghsia under orders of the Government, Gen. Ma is understood to have wired the Government, tendering his resignation as Chairman of Ninghsia Provincial Government, the other members of which have also resigned *en bloc*.

Commenting on the refusal of the authorities of the North-western provinces to permit General Sun Tien-ying to proceed to Chinghai to assume his recalamtion duties, the *Sin Wen Pao* in an editorial on Oct. 24 voiced condemnation of their attitude and expressed the opinion that General Sun must be ordered to proceed to his post in order to uphold the authority of the Central Government. The most important factor in a country, the paper stated, is discipline. Any order issued by the Government must be respected by local officials whose duty is to obey. The local authorities are appointed by the Government to administer the land, but they can not regard that land as their private property. Insubordination of local authorities to Government's orders must not be tolerated, for if such practice is allowed to exist unchallenged, the authority of the Government will dwindle into nothing. The paper also deprecated the reported plan of the Government to shift General Sun's units to Sinkiang in order to avoid a conflict in Ninghsia. Finally, the paper advocated that the Government should insist on its original order and send General Sun to Chinghai in spite of the opposition of Generals Ma Hung-kwei and Chu Shao-liang.

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New Books of Interest in the Far East

A Sympathetic Study of China's Economic Condition

China To-day: Economic; by J. B. Condliffe (Pp. 214 Boston, Massachusetts: World Peace Foundation, 1932 G.$2.50).

China, economically, forms at all times a subject of unusual interest to students of economics the world over, and books on economic China by foreign writers are by no means lacking, but it is doubtful whether there are many which may stand comparison with Dr. J. B. Condliffe's book under review.

"In "China to-day: economic," the author puts forward a review of the actual facts and problems relating to China's population, agriculture, urban industries, public finance, banking and currency, and foreign trade, accompanied by well-considered suggestions of remedial measures for improving the current conditions and removing the formidable obstacles that stand in China's way of progress. Although, as the author himself points out in his preface, "there can be little that is original in any attempt to survey briefly the economic problems of a continent," not a few of his interpretattions are so significant as to shed new light on the much discussed economic difficulties of China. Unlike some economists, he seems to prefer to discuss the practical side of the issues in relation to the present time, thus producing something tangible for China to ponder and work upon.

To get acquainted with this book, it may not be out of place to introduce hereunder succinctly some of the topics treated by Dr. Condliffe:

According to the author, "the population (in China) is already very great and, despite calamities and high rates of wastage, is probably increasing," bearing out the fact that China is over-populated. As a relief, Dr. Condliffe discounts the school of thought which maintains that a redistribution of population would lessen to a certain extent the pressure upon available resources, because, he finds, "by far the greater proportion of cultivable land has long been occupied and tilled, and it is unlikely that any remaining areas which may be opened up can afford appreciable relief to the pressure of numbers." Emphasis is laid on the urgency of carrying out improvement in farming practice, rural marketing, rural credit, etc., at the initiative of the government as well as private institutions, specifically in the direction of seed election, simple improvements in native implements, control of insect and bacterial pests, establishment of rural co-operative societies, etc.

The growth of the coastal cities of China into a position of economic and political dominance is attributed to three external influences: (1) "the activities of the new governmental order based largely upon Western ideas and institutions:" (2) "the effect of the extraordinary volume of remittances from overseas Chinese;" and (3) "the presence of foreign traders, their capital resources and the impetus they bring to the utilization of progressive economic ideas." With these coastal cities whose interests are chiefly commercial and financial China, as a whole, however, has made little actual progress industrially and is still in the factory workshop stage with the mastercraftsman system. As a result, the problems the cities are brought to face "are not so much those created by the growth of factories and factory conditions as the more fundamental questions of finding employment, housing and decent environmental conditions for those who have crowded from an over-populated countryside into these urban areas." He urges government initintiative in formulating plans of industrial development with state aid and incorporating protective policies in the Customs tariff. As a means of protecting the workers' interests, he favors properly organized trade unionism.

Regarding the financial problems in China, Dr. Condliffe seems to think that they are not as hopeless as is often thought, since the National Government, in spite of a succession of political tribulations, has made sufficient progress to "command the confidence and support of the leading Chinese financiers and elicit the co-operation of the foreign services and the foreign powers." He regards the reports of actual receipts and expenditures of the National Government, which are available to the public, as marking "the beginning of a national financial system, imperfect as they are." Economic reconstruction in the fields of transport, aviation, electrical communication, and industrialization will automatically rehabilitate China's financial situation, but he holds the view that "any attempt at financial rehabilitation must be preceded by the balancing of the national budget and that currency reform must accompany if not precede the balancing of the budget." As to currency reform, his idea is that the different currencies in use in the country must first be systematized and regulated and then, if conditions warrant, a change to a gold or gold exchange standard may be effected.

On the question of international trade, he expresses the opinion that when productivity and purchasing power within China are improved, the country will become more prosperous and wealthy and will likely be "a better customer for the other trading countries and in this way contribute materially to the economic betterment of the world as a whole."

The root of all evils in China, so to speak, lies in the military conflict the country is constantly subject to. Dr. Condliffe believes that "the chief need at the moment is a breathing space from civil warfare to give scope for the admirable recuperative powers of the Chinese people and to enable the constructive effort at the provision of effective modern services of government to be carried forward without the distraction of political dissension and the diversion of much-needed funds to wasteful purposes."

From the above one will note that the author's treatment of the subject is understanding, sympathetic and intelligent rather than critical and fault-finding. He first studies a problem from different angles closely—exhaustively—and then probes down to the root of the question, leaving out the superficial, and endeavors to seek a practicable solution. On disputable points he maintains a detached and fair stand and preserves an open mind. He has a concise, a clear-cut and convincing style. That he has been able to present an illuminating analysis of China, which embraces almost all of her basic economic problems, and bring the lines of discussion, each of which might well fill out a whole volume, within the compass of 188 pages attests to the author's knowledge of and insight into Chinese conditions. It is indeed a job well done and I recommend that this book be read by every economist or layman who is interested in the economic development of China.

D. K. L.

Two Books of Missionary Interest

Eastern Women Today and Tomorrow, by R. F. Woodsmall. The Central Committee on the United Study of Foreign Missions. Boston U.$1.

This book has illustrations. The most interesting ones are the four portraits facing the title page. It predisposes the reader in favor of the work, for it is not common to be presented with such an attraction in a work of this nature. It is a wonderful record of the progress that has been made in China, and incidentally in India and Japan but principally in the former. The Christian religion can be used with the greatest benefit to civilisation when taken up and explained to the classes formerly debarred from anything except their old classics. These latter do not make for progress or freedom and there is no wide vista displayed to enquiring minds. The institution of the kindergarten has been a great assistance for in matters of propaganda, the younger you can catch them, the more chance of permanent success.

Many excellent diaries are drawn upon in this book and one in particular though of great simplicity forms a good object lessen. Divesting the passage of the professional taint it relates how some junior members of a kindergarten had been drafted into a large primary school and had so worked upon the imagination of their elders that when Christmas arrived, they actually organised a Tree, with presents, which the diarist points out with pride could not have happened had it not been for the combination of the youngsters. The incident wasn't much to be sure, but the improvement in spirit was considerable.

The progress that has been made in China in recent years among the women is now so great that a very sensible remark from one of the audience at the close of a recent meeting, deserves to be noted. "Well, that is so different from my idea of China. I thought Chinese women were all in ignorance and darkness. Why should

we give money to work for them if there is in China such a spirit of progress."

Maidee of the Mountains, by M. B. Hollister. New York. Revell Co.

All the good people are lovely and the bad ones of repellent appearance exactly as they are in the real world. One of the heroines is a communist in theory of the style of Lord Marley who find it not incompatible with a valet and silver-mounted toilet sets. There is also a brigand in the tale who only robs the rich and divides the proceeds equitably amongst the poor and his followers according to the invariable practice in China. He is also averse to taking life except where necessary so it is easy to see he works out strictly to form. There are also a good many soldiers in the book and they are so true to nature, as we know it, that a suspicion crosses one's mind that the authoress has really lived amongst them. The real heroine who gives her name to the book is so fine and pure that our language does not contain sufficient superlatives to rightly criticise her. Her services are commandeered early in the book to carry cartridges. She has had no practice at this game, only having been accustomed to heavy loads of timber and as a pound of wood is well-known to be lighter than one of lead, breaks down on the second night with a most mysterious illness. The reader is profoundly interested in her affliction and hurriedly turns to the end of the book to see if his, (or her) fears are justified. But no. Its just tiredness, nothing has happened. The brigand's son turns up having been massacred earlier in the book, as you are made to think, and rescues the hospital and the three heroines, yes, there are three, oh so lovely, by now, and the unfortunate principal heroine, who provides the title to the book, is united to the unfortunate captain and so an end. The book is recommended by the publisher for missionary courses.

R. C.

In Defense of Plutocracy

Degenerate Democracy, by Henry S. McKee; published by Thomas Y. Crowell Company, New York City.

The burden of Mr. McKee's 143 pages is (to paraphrase a classic phrase of America's once wild west) that American democracy 'aint done right by our capitalists. Which viewpoint is interesting considering that Mr. McKee is a Los Angeles banker and past president of the California Bankers Association.

Mr. McKee is especially indignant because capitalists are forced to pay as much taxes in U.S. as are now extracted from them. Such nefarious taxation, says he, is prolonging the depression. "Congress," he declares, is paying government expenses "out of principal, instead of out of income. It does this by seizing the newly accumulating capital through excessive levies of a graduated income tax upon the largest source of new capital.. ..(and by) the inheritance tax." If all this wealth were not "seized," he says, it would "go into investment and furnish employment."

All of which is unadulterated nonsense as Mr. McKee, being a banker, must surely be aware. As a matter of fact there is so much money available for investment that banks are actually adverse to increased deposits, particularly interest-bearing deposits, for there are scarcely any opportunities for profitable investment. The big banks which possess public confidence now have more money than they know what to do with; solution of the depression does not depend on increased investment to furnish employment, but on an increase in buying power among those who are seeking incomes instead of ways to avoid paying income taxes. More than enough money is already invested for production; and whenever consumption catches up with the full-speed production now possible, the depression will be over.

Mr. McKee seems to think the British system of government is superior from the capitalist viewpoint to the American system. However, he has perhaps changed his mind by now since it was revealed after publication of his book that J. P. Morgan and partners have managed to avoid payment of any income taxes in the United States for the past two years while Mr. Morgan, who also has large investments in England, was forced to pay income taxes there.. After all, only God's country allowed paper losses through "'sale" of stock to wives to overbalance actual profits, wherefore it seems to this reviewer that America has really done right well by our capitalists and Mr. McKee should be more grateful than his book indicates.

W. B.

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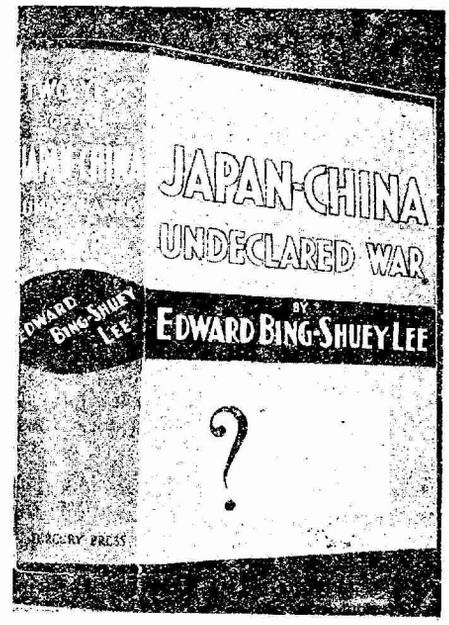

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CHINA WEEKLY REVIEW

38 Avenue Edward VII.

Mongolian Leaders Reach Decision on Autonomy Issue

After many abortive attempts to arrive at an agreement over the autonomy issue, a decision was finally reached to establish an autonomous Government for Inner Mongolia at a conference of the Mongolian Princes at Pailingmiao in Suiyuan on October 20, according to a telegram from Peiping on October 22. The plans, decided at the conference, provide for the organization of a political council and an assembly by representatives of the various Mongolian Leagues to administer the affairs of Inner Mongolia, with the Central Government retaining control over military and diplomatic affairs. The political council, according to the plans, will consist of eight departments which will be vested with the responsibility to develop industry, communication, education and reconstruction. The conference, however, was rather poorly attended, only about thirty representatives from the different Leagues being present. Two Japanese attempted to apply for participation in the conference, but were refused by Prince Teh, leader of the Mongalian autonomy agitation. During the proceedings, Prince Teh informed his audience that he had no intention to establish an independent Mongolian Government, nor any desire to break away from China. In a telegram addressed to the Mongolian and Tibetan Affairs Commission at Nanking, he reassured the Government of his support. He declared that the autonomous movement in Inner Mongolia has its sole object for self-defense and is not a seditious movement.

General Huang Shao-hsiung, Minister of Interior, who had been appointed Pacification Commissioner to Inner Mongolia, arrived at Peiping on October 22. Prior to his departure for the North, General Huang had a conference with General Chiang Kai-shek at Nanchang on the Mongolian situation. Interviewed upon his arrival at Peiping, General Huang declared that measures for dealing with the autonomous rule of Inner Mongolia had been formulated by the National Government and that a formal statement regarding the same will be made by the Executive Yuan. He further declared that the Government realised the necessity for political and economic reforms in Inner Mongolia, but these must conform with the country's administrative system. The chief purpose of his mission, he said, was to remove the existing barriers between Mongolia and China Proper. General Huang will exchange views with General Huang Fu, General Ho Ying-ching, and Chang Chia, the "Living Buddha" at Peiping before proceeding to Mongolia. Chao Pei-lien, Vice-Chairman of the Mongolian and Tibetan Affairs Committee, who has been appointed by the Government to assist General Huang in his mission to Inner Mongolia, left Nanking for Peiping by train on Oct. 22 to join him at Peiping. It is understood that after his arrival at Kalgan, General Huang will organize a pacification headquarters and he himself will be the director of the same. Then, he will summon a conference of the Mongolian princes at Pailingmiao in Suiyuan to discuss matters. He said he expected to remain in Charhar for a month, in the course of which he will also visit the various Mongolian leagues in Suiyuan by way of Paotaochen.

In view of the growing importance of the affairs in the border provinces, the Central Political Council has decided, in principle, to establish a new Ministry of Border Affairs under the jurisdiction of the Executive Yuan. The proposed new Ministry will be formed through amalgamation of the Mongolian and Tibetan Affairs Committee and the Border Affairs Bureau of the General Staff and will have a Minister and two Vice-Ministers and five departments. It will probably be instituted after completion of the investigations into the situation in Inner Mongolia.

Wu Hao-ling, Director of the Nanking Office of the Mongolian Leagues and Banners, in a press interview on October 21, denied that there is any ulterior motive behind the present Mongolian autonomous movement or any secret understanding with the Japanese. He said that the movement could be traced back as far as the Northern Punitive Expedition in 1928 and that the present agitation is the second of its kind since the establishment of the National Government. The real motive of the movement, Mr. Wu pointed out, is to consolidate the strength of the whole of Inner Mongolia in the struggle for self-existence and self-defense purposes so that both the country and Inner Mongolia will be benefited. He appealed to the Central Government for understanding and sympathy with the actions of the Mongolian leaders. Concluding, he said that lately the Japanese attempted to coerce the Mongolian leaders to proceed to Dolonor for a conference, but none of them complied and this should serve to indicate the loyalty of Inner Mongolia to China. Mr. Wu left Nanking for Peiping on Oct. 23 to accompany Gen. Huang Shao-hsiung and Chao Pei-lien to Inner Mongolia to investigate the conditions there.

The National Government on October 18 issued a Mandate, commending the meritorious services of the Panchen Lama, who is now in Suiyuan, in his capacity as Cultural Commissioner for the Western Border in connection with the present autonomy agitation in Inner Mongolia. In part, the mandate reads that on the one hand, the Panchen Lama has been propagating the policies of the Central Authorities, while on the other, he has been furthering the loyalty of the Mongolian tribes to the Central Government. His message of goodwill has spread far and wide over the border territories. In an interveiw with Shih Hua-yen, Reclamation Commissioner for Suiyuan, the Panchen Lama gave three reasons for the autonomous movement in Inner Mongolia. Firsty, the Mongolians are not familar with the situation in China proper; secondly, the present movement has been influenced by Outer and Eastern Mongolia; thirdly, it was precipitated by the recent Charhar trouble. A representative of Government has arrived at Peiping en route to Suiyuan to invite Pachen Lama for a visit to Nanking, as the Government leaders are anxious to consult him on the present Mongolian autonomy agitation. It is learned that the Panchen Lama has just telegraphed to the Government announcing that he is coming in a few days to Nanking to report on the recent disturbances in Inner Mongolia in person.

Chang Chia, the "Living Budhha" of Kokonor, who is also Special Cultural Commissioner among the Mongolian Banners, called on General Huang Fu, Chairman of Peiping Political Affairs Readjustment Committee, on October 16 and exchanged views regarding the autonomous movement in Inner Mongolia. It is reported that he has already dispatched twelve deputies to various Mongolian Banners to establish contact with the Mongolian princes and dukes there and to make preparations for the opening of his provisional offices in the Ulan-Tsab League.

Gen. Sheng Claims Success in Campaign Against Gen Ma in Sinkiang

The fighting between General Sheng Shih-tsai, Border Defense Commissioner of Sinkiang, and General Ma Chung-ying, youthful Mohammedan Leader at Hami, for mastery in Sinkiang continued with unabated vigor and bitterness during the week, according to reports received from various quarters. A Peiping message on October 18 reported that the Sinkiang Provincial troops under General Sheng had re-captured Tacheng from the Mohammedan forces under General Ma and were moving swiftly towards General Ma's stronghold, Turfan. General Ma, according to reports, had reformed his lines, with Turfan as his first line of defense. It is further reported that General Sheng has reached an understanding with General Ma Pu-fang of Chinghai whereby the latter will send a detachment of his Mohammedan troops to attack General Ma Chung-ying from the East. The Sinkiang Authorities are said to be confident that they can liquidate the uprising within a fortnight.

In a recent telegram to the Government, General Sheng reports that he is leading a mixed force of the Sinkiang Provincial Troops and the repatriated Kirin and Heilungkiang volunteers for a punitive attack on the insurgents under General Ma Chung-ying. General Ma Shao-wu, Administrative Officer of Kashgar, souther Sinkiang, is assisting him in suppressing the rebels. It is learned that the Government is viewing the continued strife between General Sheng and General Ma with great concern and is very anxious to bring this to an early end. In addition to the order of the Executive Yuna instructing Chairman Liu Wen-lung of Sinkiang to mediate between the two contending generals, the National Military Affairs Commission has telegraphed to the warring parties respectively, ordering them to cease operations at once and awaitinng instructions of the Central Government for a settlement. On Oct. 22, the Government received a joint telegram from Gen. Liu Wen-lung and Shen Shih-tsai, reporting the defeat of Gen. Ma Chung-ying's troops. They urge the Govern-

ment to request Dr. Lo Wen-kan to return to Tihua to participate in the discussions for the rehabilitation of their province.

According to a report in semi-official circles, General Sheng Shih-tsai has wired the Government, reporting that he is shortly coming to Nanking to discuss with the Government leaders measures for the coping with the disturbing situation in Sinkiang. Chang Tien-yuan, General Sheng's personal representative, is already in Nanking, making a preliminary report on behalf of his chief concerning conditions in Sinkiang.

Dr. Lo Wen-kan, Minister of Justice and Government's High Commissioner to Sinkiang, is on his way of return to Nanking. He has left Ili for Semipalatinsk, where he will remain for few days before proceeding to Shanghai via Novosibirsk and Vladivostok. He is expected to arrive at Shanghai some time in November. In the meantime, Dr. Lo's special representative, Feng Yu-chen, has arrived at Nanking to submit a written report to the Government on the prevailing conditons in Sinkiang. Interviewed, Mr. Feng said that the Sinkiang situation is critical and its solution admits of no delay. He pointed out that the area of Sinkiang is considerably larger than the Three North Eastern Provinces and the danger to Sinkiang is likewise greater than the menace to the North-east in the past. He urged that some thing must be done immediately to remedy affairs in that province. Referring to the present hostilities between General Sheng Shih-tsai and General Ma Chung-ying (Commander of the newly organised 36th Division), Mr. Feng said that despite the efforts at mediation exerted by Dr. Lo, fighting has broken out again. He deplored that on account of the renewed civil warfare, the situation in the province has been aggravated and its rehabilitation, rendered more difficult.

In an interview upon his arrival at Shanghai on October 22, Tang Yu-jen, Vice-Minister of Foreign Affairs, declared that as a result of the recent conference which Dr. Lo had with Dr. W. W. Yen, Chinese Ambassador to Moscow and the Soviet diplomatic officers, an agreement has been reached for the cancellation of the Commercial Treaty concluded by the late Sinkiang Chairman, Chin Shu-jen, with the Soviet Government. This treaty, Mr. Tang emphasied, had been declared null and void by the National Government, insofar as it was concluded by an individual official without the sanction of the Central Government of China. General Chin is now in Kiangsi, conferring with General Chiang Kai-shek on the Sinkiang situation. Mr. Tang also revealed that a special bureau of foreign affairs has been established in Sinkiang to take charge of the affairs relating to China and Russia. Wu Nai-chen, an experienced diplomatic officer, has been appointed director of the said bureau. Referring to the Sino-French commercial treaty in Annam, Mr. Tang said that the pact is ready for signature and the Government is considering the appointment of a Chinese Consul to be stationed in French-Indo China.

A BOY'S ESSAY ON "SOAP."

"Soap is a kind of stuff made in cakes which you can't eat. It smells good and tastes awful. Soap always tastes worse when you get it in your eye. Father says Eskimose don't never use soap. I wish I was an Eskimose."

A very creditable effort, breathing the spirit of revolt against boyhood's arch-enemy, soap. But soap, like other things unpleasant to the juvenile mind, has to be put up with. There were other things, far more unpleasant than soap, which earlier generations of children had to bear; things like castor oil, senna, cascara, salts, administered by stern and implacable hands.

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2.	China's Industrial Development: Its Problems and Prospect ..... By C. L. Nieh.....	.90	„ -.50
3.	Chinese Government Economic Planning and Reconstruction since 1927 ..... By Gideon Chen.....	.90	„ -.50
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10.	Silk Reeling Industry in Shanghai: Based on extensive survey by the China Institute of Economic and Statistical Research, made from May to July, 1931, supplemented by second survey during the same months of 1932, covers quality of silk produced, productive capacity of filiatures, number of reels, etc., by D. K. Lieu	$2.15	„ -.95

These pamphlets ranging from 12 to 200 pages were written by Chinese specialists in their respective lines. They were prepared for presentation at the Conference of the Institute of Pacific Relations at Banff, Canada. Those desiring copies, should send their orders with draft or postal money-order attached to the undersigned.

THE CHINA WEEKLY REVIEW
38 Avenue Edward VII
Shanghai.

Greater Shanghai Discussed by Realty Investment Company

Following promptly the formal opening of the Civic Centre of Greater Shanghai was the well planned exhibit of the comprehensive regional plan at the Chinese Y.M.C.A. last week. The program, in addition to the display, included addresses by the Secretary General, the Engineer in Charge of Public Works of Greater Shanghai, and the General Secretary of the Bankers Association. More than 10,000 people attended the display, and many of them were school children with their teachers.

In the Settlement two new buildings were opened to the public. The first was the Large Daylight factory of the Asia Electric Company. It was formally opened October 17 and was inspected by many guests. It is located in the Eastern district, 45 Hochien Road. The second building was the Victoria Nurses' Home on Great Western Road, adjacent to the Country Hospital. It was formally opened on Monday last at 4.30 p m. The ceremony was in charge of the Chairman of the Municipal Council.

Fighting Malaria

In years gone by only one method was known for the treatment of malaria; the administration of quinine in ever increasing doses, to overcome the attacks as they came on. But at best this was only a palliative, and quinine has unpleasant reactions, causing deafness, among other things.

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THE CHINA WEEKLY REVIEW

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66-432

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1932-3 High	1932-3 Low	Div.$ per Sh.	STOCKS	Mon. Oct. 23	Tue. Oct. 24
13¼	1⅝	—	Adams Express	6⅞	7½
132	7⅜	.60	Alaska Juneau	23⅜	27½
43½	42½	6.00	Allied Chemical & Dye	127½	130
97½	29⅝	4.00	American Can	88¼	89¾
19⅝	2	—	American & Foreign Power	7¾	7⅞
44⅞	5	—	American & Foreign Power 7% Pfd.	17½	17⅞
12¼	1⅛	—	American & Foreign Power Warr.	·5⅛	5
23⅝	1¼	—	American Metal Co.	16½	18
53½	5⅛	—	American Smelting	36⅛	42⅛
137¾	69¾	9.00	American Telephone & Telegraph	113⅝	114⅝
94¾	44	5.00	American Tobacco "B"	78½	79¼
48¼	11	1.00	American Waterworks	19⅝	21
22⅞	8	—	Anaconda Copper	12¾	14⅛
18⅝	4¼	—	Atlas Corporation	10¼	10⅞
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49¼	7¼	—	Bethlehem Steel	26	29¾
43⅛	19	1.60	Borden Company	22½	22¾
21⅝	3⅜	—	Borg Warner	18	14
20⅞	7¼	—	Canadian Pacific Railway	12⅛	13
103½	16¾	—	Case, J. I.	59	62½
47⅞	19	1.40	Chase National Bank	20¼	20
52⅛	4⅞	2.00	Chesapeake Corp.	32¼	34
51⅜	5	.50	Chrysler Corp.	39⅜	41¼
28⅛	4¼	.80	Columbia Gas & Electric	12	12⅝
7⅝	1⅜	—	Commonwealth & Southern	2¼	2¼
68¾	31½	3.40	Consolidated Gas of N. Y.	41	41⅞
19½	8⅝	—	Continental Oil	15½	17¼
90½	24¾	3.00	Corn Products	78½	79⅞
7½	1½	—	Coty Inc.	3⅝	3½
4⅜	⅞	—	Curtiss Wright Company	2⅛	2¼
18⅝	5	.75	Douglas Aircraft	12⅞	13
85¾	22	2.00	Du Pont de Nemours	72½	76⅛
89¾	35¼	3.00	Eastman Kodak	73¼	75⅛
48	5	6%S	Electric Bond & Share	16¼	17
16	2¾	—	Electric Power & Light	6	6¼
18½	15	—	Fox Film	Unq.	13½
10¾	2⅞	—	General Aviation	5½	6
30¼	8½	.40	General Electric	18⅛	18¼
40⅛	19⅝	1.80	General Foods	33	34½
34⅞	7⅜	1.00	General Motors	26	27⅝
49½	6⅛	1.00	General Railway Signal	30	30
27⅜	8¼	·.20	Gold Dust	17⅜	17⅞
47½	5¼	—	Goodyear Tire & Rubber	27	30⅛
40	3⅝	—	International Cement	26½	30
46	10⅝	.60	International Harvester	35½	36⅝
22⅜	3¼	—	International Nickel	18	19¼
21¾	2⅝	—	International Telephone & Telegraph	10⅝	11½
60⅜	10	—	Johns Manville	45½	49
26	4⅞	—	Kennecott	18⅛	20½
79⅝	30½	2.40	Lehman Corporating	61½	63¾
99	31½	*4.00	Liggett & Myers, "B"	89½	88½
37¾	8½	1.00	Loew's: Inc.	25⅞	28¾
25¼	9	1.20	Lorillard P. Co. (Com.)	18¼	18¾
46¾	12	1.00	McIntyro Porcupine	39⅞	46
28⅞	3½	—	Montgomery Ward	17⅛	18⅛
34½	19¾	1.00	National City Bank (bid price)	22½	22
124⅞	13	—	National Distillers	82⅝	87½
58½	8¾	—	New York Central	29¼	32½
45¼	13¾	8%S	North American Company	17¼	17⅞
96¾	12	2.00	Owens Illinois Glass	74	75
37	16⅞	2.00	Pacific Gas & Electric	19½	19½
6⅞	1½	—	Packard Motors	Unq.	3⅝
42¼	6⅛	.50	Pennsylvania Railroad	24⅛	26¼
6⅛	1	—	Pennroad Corporation	3	3⅛
18¼	2	—	Phillips Petroleum	13⅞	14¼
18½	2½	—	Radio Corporation	6½	6⅞
7¾	1	—	Radio-Keith Orpheum	2⅛	2¼
54	26½	3.00	Reynolds Tobacco "B"	47	46¾
47	9⅞	—	Sears Roebuck	36¼	37⅝
11⅝	2½	—	Shell Union	7¼	7⅝
15½	5¼	—	Socony-Vacuum Corp	10⅞	11⅜
32¾	15¾	2.00	Southern California Edison	17¾	18
34¼	5¼	—	Standard Gas & Electric	9¼	9¾
43⅝	19⅞	1.00	Standard Oil Co., of N. Jersey	39⅝	41
68	54¼	—	Sterling Products	52⅜	52¾
13¾	1½	—	Studebaker	4¼	4⅜
29¾	9¼	1.00	Texas Corporation	23	24⅝
41	12	1.00	Texas Gulf Sulphur	35	37¾
9½	2⅛	—	Trans America	5¼	6
51⅞	15½	1.00	Union Carbide & Carbon	37¾	39¾
132	27⅝	6.00	Union Pacific	105½	108½
44⅝	6¼	—	United Aircraft & Trans.	27¼	28⅝
14½	3½	—	United Corporation	5⅞	6¼
26	9¼	1.20	United Gas Improvement	16½	17
25	1¼	—	U. S. Rubber	12⅞	14⅝
67½	21¼	—	U. S. Steel	36¾	39½
51½	11	*2.40	Universal Leaf Tobacco	38¾	40
38¼	5¼	—	Vanadium	16	17⅞
8⅞	½	—	Warner Bros. Pictures	6⅛	6½
58¾	15⅝	—	Westinghouse E. & M.	31⅞	33¾
50⅞	22	2.40	Woolworth	36½	37¼

*Plus Extras — Call Money ¾% — ¾%

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